



THE INDEPENDENT

FRIDAY JANUARY 24 1997

WEATHER: Cold and grey

(IR45p) 40p

THE TABLOID

Acts of love from Bob Geldof, Blur, Lou Reed, Dave Stewart, Pet Shop Boys, Holly Johnson

COMMENT PAGE 18

Suzanne Moore: what makes superwoman fly



A day in the life of ... the Deputy Prime Minister-in-waiting



Food for thought: Mr Prescott campaigns at a London street market



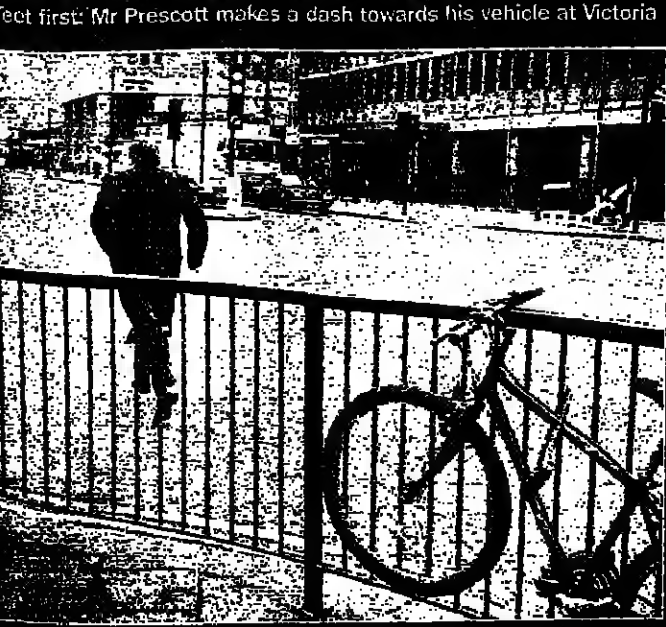
Next stop: Talks await with prospective parliamentary candidates



Feet first: Mr Prescott makes a dash towards his vehicle at Victoria



Running behind: The deputy leader continues his late show



Photographs: Brian Harris

Boeing's Super Jumbo is revealed

Exclusive by Michael Harrison

Is this the shape of air travel to come? A giant flying wing capable of transporting 800 passengers from London to Los Angeles for three-quarters of the current air fare? The Americans think it might be. McDonnell Douglas, the US aircraft manufacturer, and the space agency NASA are about to test fly an unmanned 17 foot model of the futuristic jet liner at Stanford University, in California. If the \$3m government-funded pilot project is successful, the developers plan to spend \$100m putting two quarter size models in the air before the end of 1999, NASA and the company have a "handshake agreement" to proceed. At best the aircraft will not be carrying fare-paying passengers before 2010 but aviation experts believe it could revolutionise airline economics. Its blended wing body (BWB) design uses a third less fuel and is 12 per cent lighter than real super-jumbo jets being developed by other manufacturers; operating costs could be cut by up to a quarter. Passengers sit in a double-decker format, built inside the wing. Three engines are mounted above the body at the back to cut down on drag by sucking air rapidly over the wings. A spokesman at the McDonnell's Advanced Transport Aircraft Systems Group in Long Beach, California, said: "We now have 30 engineers working on the programme. The test flight at Stanford will evaluate the aircraft's low speed flight control. The stage we are now at with NASA is deciding whether it is worth the expense of investigating the technology further. We want to proceed with it and when the NASA administrator Dan Goldin came to see it several months ago he became very enthusiastic as well."



McDonnell Douglas BWB-1-1	
Length: 49m	Height: 12.5m
Span: 88m	Passengers: 800
Range: 7,000 nautical miles	
Airbus A3XX-200	
Length: 77.4m	Height: 24.3m
Span: 79m	Passengers: 655
Range: 7,650 nautical miles	
Boeing 747-600X	
Length: 84.5m	Height: 21.7m
Span: 77.7m	Passengers: 555
Range: 7,750 nautical miles	
Boeing 747-400	
Length: 70.6m	Height: 19.4m
Span: 64.4m	Passengers: 400
Range: 7,300 nautical miles	

At 49 metres, the BWB is only two-thirds the length of the super-jumbo A3XX which is being developed by Europe's Airbus Industrie. It is a 650-1,000 seater with a range of 7,650 miles. But its wing span, at 88 metres, is the length of an American football field. Airbus says the A3XX will cost \$8bn to develop and will be in service by 2015, provided it gets the launch go-ahead. It estimates there is a market for 1,380 such aircraft. Boeing, the world's biggest jet manufacturer, shelved its own plans for a super-jumbo, the 747-600X, earlier this week, claiming that demand was too small to justify its \$7bn development costs. However, Boeing is in the process of taking over McDonnell Douglas for \$13m, Graham Ennis of Condor Aviation, an aerospace design consultant who has followed the development of the blended wing body, believes this could be one reason why Boeing shelved its own programme. Other observers reckon that the cost of developing the radical new design - anything up to \$20bn - will mean it never gets off the drawing board. But that is what was said 30 years ago about Concorde.

Major winks at the Tory Euro-sceptics

Colin Brown Chief Political Correspondent

John Major sent a clear signal to the Tory Euro-sceptic rebels that it was "very unlikely" Britain would join a European single currency in the first wave, even though the Cabinet agreed to make no change in its policy on Europe before the election. The face-saving compromise enabled the Prime Minister to harden the Government's Euro-sceptic rhetoric without risking the resignation of the Chancellor, Kenneth Clarke, who insisted after a Cabinet meeting lasting one and a half hours that Britain had not ruled out joining the single currency. It means the Tories can go into the election with the "wait-and-see" policy unchanged, but with the clear impression that they would not join the first wave. The Cabinet was clearly hoping it was enough to unite the party for the election campaign, but it appeared to have failed in that objective. The Prime Minister and the Chancellor spent the day underlining the message that Britain was unlikely to join a single currency by the start date of 1 January 1999 in an effort to persuade Tory Euro-sceptic candidates to abandon their threat to issue their own election addresses ruling out their support for a single currency. "If you're standing as a Conservative candidate you're standing in support of this policy and I very much hope that people not stand for election qualifying the policies of the party whose nomination they've sought," Mr Clarke said on BBC radio. Michael Howard, the Home Secretary, and leading Euro-sceptics in the Cabinet were outflanked by Mr Clarke with the backing of Mr Major, Malcolm Rifkind, the Foreign Secretary, and Michael Heseltine, the Deputy Prime Minister. They accepted defeat after the Chancellor presented a paper saying Britain could not judge whether the terms for entry were being fudged by other countries until well after the election. Announcing the policy in the Commons, Mr Major said: "On the basis of information currently available, it is very unlikely but not impossible that the single currency can proceed safely on 1 January 1999, but if it did proceed with unreliable convergence we would not of course be part of it."

Mr Major studiously avoided using Mr Clarke's words, that entry was not being ruled out, to imply that Britain could enter. Other senior ministers when pressed to say it was not ruled out, repeated the Prime Minister's formula. That could prove difficult to sustain in the campaign. Heseltine warned Euro-sceptics earlier this week that he and Mr Major would be "hounded" during the election if they fought on different policies. But the message failed to persuade them to hush down. "It is not a policy change. It is the same as before," said Iain Duncan-Smith, a leading Euro-sceptic. "It won't do, it just won't wash with the public," said a former minister. Norman Lamont, the former Chancellor said: "I welcome anything that makes it less likely that we shall join the single currency. A journey of a thousand miles begins with a single step."

The former leadership challenger, John Redwood said the policy of "wait and see" had been reaffirmed by the Cabinet but he welcomed the signal that it was unlikely to see Britain entering the single currency by the start date in 1999. "I trust this means Britain will use its voice and vote to ensure that there is not a fudged currency for anybody." A former minister said there was now "sullen acceptance" by the Euro-sceptics that they would fight on different agendas at the election, increasing the impression that some have their sights set on the leadership election, which would follow a Tory defeat. Sources close to Mr Clarke said: "We have had a deepening rather than a change of policy. We have not ruled out our entry but we have said it is very unlikely we will be in the first wave. It is a compromise everyone can live with."

Donald Macintyre, page 18

Paris sickens of legionnaires

John Lichfield Paris

Scene, Denfert-Rochereau metro station in Paris. A bunch of unsuspecting tourists goes up to a group of soldiers on anti-terrorist duty and asks for information. One soldier yells back at the tourists in what a senior police officer describes as a strong Hungarian accent: "We are not here to give directions. We are here to kill people." It always seemed like a risky idea. The French Foreign Legion, veterans of every colonial and post-colonial punch-up for 160 years, two-thirds of them foreigners of uncertain background, are patrolling the Parisian Metro as part of the government's anti-terror campaign. After two weeks, the Parisian police, with whom the legionnaires are supposed to be co-operating, have had enough. A delegation from the police unions went to the Prime Minister's office this week and, in effect, begged for the most elite, feared and unusual unit in the French army to be kept away from the capital. The final straw seems to have been the sight of a legionnaire, once again at Denfert-Rochereau, patrolling the corridors of the metro with an anti-tank rocket launcher strapped to his back. This incident, also witnessed by a senior police officer, received a deadpan denial yesterday from the military command. None of the 320 legionnaires taking part in the "Vigilance" anti-terrorist campaign, it said, was equipped with an anti-tank rocket launcher. The Vigilance campaign was introduced in September 1995 in response to a wave of murderous attacks on underground trains, using home-made bombs fashioned from gas canisters and nails. The attacks are believed to be part of a campaign by French-based sympathisers with the anti-government campaign waged by fundamentalist Islamist groups in Algeria. Paris is on special alert at present following tips to the French intelligence services that further attacks are planned during the celebration of Ramadan, which began two weeks ago. The Prime Minister's office told the police unions that the legionnaires would be reminded of the limits under which they were supposed to operate. The legionnaires were due to be relieved by other military units this week in any case. No commitment was given to keep them out of the capital in future.

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Shares soar

Shares in London gained nearly £11bn yesterday as the pound dived on the foreign exchanges as speculators off-loaded sterling. Report, page 20, Comment page 21

Win for Cardiff

Cardiff has seen off a rival bid from Glasgow to emerge as host city for the European heads of government summit presidency in June 1998. Page 10



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news

significant shorts

Woman wins record damages in RSI claim

A woman yesterday received a record £186,000 damages for Repetitive Strain Injury (RSI) – an affliction which was denounced three years ago by a High Court judge as “meaningless” and having no place in the medical text books.

Muriel Simpson, a 42-year-old former machine operator, retired through ill-health after contracting the condition at Bowater Scott in Barrow-in-Furness. She will never be able to do manual work again.

The company denied negligence under health and safety legislation, but a high court hearing in Newcastle found it liable. Mrs Simpson suffered severe pains in the arm between 1987 and 1990 when she worked on a machine making toilet paper.

Tom Jones of Thompson solicitors, which acted for Mrs Simpson, described the judgment as a “body blow” for employers who claimed that RSI was all in the mind.

Tony Dubbins, general secretary of the GPMU print and paper-making union, which backed the case, said the company should have carried out a proper assessment of the machine she was operating. “Instead they did nothing, making her condition worse,” he said. A TUC poll has found that RSI affects up to 200,000 workers a year, many of whom work on keyboards. **Barrie Clement**

Think-tank may face charity inquiry

The Institute of Public Policy Research – the left-leaning think-tank which commissioned this week’s controversial business leaders report – may be referred to the Charities Commission for abusing its tax-exempt status.

Tessa Keswick, director of the Centre for Policy Studies, the Tory equivalent, which is not a charity, is understood to have sent a memorandum about the IPPR to the Charities Commission, alleging it is politically biased. And, in a letter in yesterday’s *Financial Times* she accused the IPPR of being a tool of the Labour Party, and listed several Labour worthies among its trustees, including Baroness Blackstone. Mrs Keswick’s attack parallels that of the Deputy Prime Minister Michael Heseltine who earlier this week pilloried the IPPR business report for alleged Labour bias. **David Walker**

Girls add spice to Billboard charts



The Spice Girls, new shooting stars of the pop world, have supplanted the Beatles in American pop history.

Thirty-two years ago *I Want to Hold Your Hand* entered the US Billboard chart at No 12, the highest new entry for a UK act. It took the Fab Four another two weeks to enter the Top 10, at No 7. Last week the Spice Girls entered the US Billboard Hot 100 Chart at No 11, tying with Alanis Morissette for the highest new entry by a debut act. This week the Spice Girls’ *Wannabe* shot to No 6, the fastest one-week rise ever for a new act. **Daniel Jeffreys**

Hay-fever drug banned in the US

A hay-fever drug which is widely used in Britain is to be banned in the United States after 17 deaths and 40 cases of serious heart problems associated with it.

The drug terfenadine is sold under the names Triudan and Seldane, and is popular because it is non-sedative, unlike other hay fever remedies with anti-histamine action.

It has been available since the mid-1980s in the US and in the UK but in 1993 the drug authorities became aware of potentially fatal effects on heart rhythm when the drug was taken at the same time as certain antibiotics. People with liver disease are also vulnerable. The UK Committee on Safety of Medicines says it is aware of the FDA’s action but has no plans to follow suit. The drug’s manufacturer in the US, Hoechst Marion Roussel, says it will challenge the decision, and that terfenadine is safe when prescribed properly in appropriate patients. **Liz Hunt**

Trade union returns to GCHQ

Engineers involved in maintaining sensitive intelligence equipment at the top-secret Government Communications Headquarters (GCHQ) have been allowed to join a trade union despite an historic ban decreed 13 years ago by Margaret Thatcher when she was prime minister. The GMB general union said that 182 out of the 192 engineers and technicians at the complex had joined the union since their department was privatised and taken over by Vospers Mantech. **Barrie Clement**

Scotland Yard flies to Nigeria

Four Scotland Yard officers are about to fly to Nigeria to investigate allegations of corruption in the visa section of the British High Commission in Lagos.

Several Foreign Office officials have already been recalled to London after the inquiry was set up in December.

The allegations are understood to involve the illegal sale of documents as part of Nigeria’s thriving market in bogus identification papers. **Jason Bennetto**

people



Martin Clark: ‘We’ll be asking some harder questions’ Photograph: Daily Mail

The Scotsmen await their Sassenach king

A young Englishman is being parachuted into one of the most sensitive posts in Scottish journalism. Martin Clark, 32, was yesterday appointed editor of *The Scotsman*, whose oak-panelled corridors have been filled with apprehension since the New Year return of the ex-Sunday Times editor Andrew Neil to his native land.

Neil, now editor-in-chief of the Edinburgh broadsheet and its sister titles, *Scotland on Sunday* and the *Evening News*, passed over several in-house applicants, including deputy editor Alan Taylor, in favour of Clark, a stern young southerner who was despatched north of the Border by the *Daily Mail* less than two years ago to edit its fledgling Scottish edition.

Staff on *The Scotsman* are anxious not only that they might be served their P45s in a brutal shake-up, but also that the paper will start to shed some of its passion for a Scottish Parliament in the run-up to the general election and in any subsequent devolution referendum.

Although it has played down some of its parent paper’s Middle England prejudices, the Scottish *Daily Mail* has rallied against a Scottish Parliament. Neil has

done the same throughout his journalistic career. He even established a separate Scottish section during his editorship of the *Sunday Times* to challenge the pro-Home Rule consensus in his native land.

Clark denied last night that *The Scotsman* would hunch to the right under his editorship. “There will be no change in our line on devolution. The paper has been supportive of devolution and will remain supportive,” he said.

“The only caveat I would add is that we’ll be asking some harder questions about the proposals than have been asked in the past.”

In crude circulation terms that venture can point to some success. Magnus Linklater, editor from 1988 to 1994, described Clark as “an interesting and unexpected choice” for the editorship.

He added: “*The Scotsman*’s role in the run-up to the election will be crucial not only for its readership but for Scottish politics. Any editor needs to be aware of the paper’s strong radical traditions and treat them with care. Otherwise he might risk alienating a loyal but vociferous readership.”

Rob Brown

Hindley to reject EU appeal on freedom ruling

While the moors murderer Myra Hindley waited to learn her fate yesterday, her lawyers denied they would turn to the European Court of Human Rights if, as expected, Michael Howard decides that she will never be freed.

The lawyers were responding to reports that the Home Secretary will announce her fate next week, even though Hindley’s legal team had been assured that no decision had yet been taken by Mr Howard and that the relevant papers were still with Ann Widdecombe, the prisons minister.

The Independent reported in December 1994 that a decision had been taken never to release Hindley. The result of her appeal to the Home Secretary against that decision is widely expected within days.

Yesterday, the *Daily Mail* reported that the decision had already been made and would precipitate a rush to the European courts. But Hindley’s solicitors, London-based Taylor Nichol, said: “The representations against the whole [life] tariff



Hindley: May never be released

submitted to Michael Howard were based entirely on the principles of English law. Any challenge to his decision will also be based on principles of English law.

There was a feeling among those who campaign for Hindley’s freedom that the leak was politically motivated, to make Mr Howard appear tough on crime and on Europe.

Steve Boggan

Publishers riven by family feud

A bitter father-and-son power struggle is being fought behind the portals of one of the last great independent family publishing firms, it emerged yesterday.

David Whitaker, 65, chairman of J Whitaker & Sons, which has published the quintessentially British reference book, *Whitaker’s Almanack*, since 1868, claims his son, Martin, is trying to oust him from the company which has been in the family for six generations. In order to sell it.

Asked why his son would want to remove him, Mr Whitaker explained: “The company has lost its innovative edge, is behind with its development, is failing to contain its overheads, has lost its position in the trade and failed to fight off its competition.”

Martin Whitaker, a board director, declined to comment.

Their power struggle is a poignant sign of the difficulties of running a publishing firm in today’s climate, not helped because of the collapse of the Net Book Agreement, which the Whitaker family was instrumental in setting up. **Marianne Macdonald**

briefing

CRIME

Women behaving increasingly badly

Women criminals are becoming increasingly violent and behaving more like aggressive males, according to new research. Experts believe the damaging effects of domestic violence and childhood abuse could be partly to blame.

A consultant forensic psychiatrist, Dr Phil Huckle, of the Caswell Clinic at Bridgend, Mid Glamorgan, south Wales, studied the case histories of nearly 300 women over the past seven years. Although the proportion convicted for violence remained relatively constant, the level of violence they used was increasingly vicious.

Presenting his findings to a Royal College of Psychiatrists conference in Cardiff, Dr Huckle said women were now more prepared to carry out acts of violence. “The causes of violent behaviour and offending seem to include both psychiatric illness and previous experience of personal violence with the family of origin, which is often repeated in other relationships.”

NATURE

Heartache proves a gerbil is for life

Lovelorn gerbils separated from their mates display the same symptoms as depressed divorcees, scientists have found. Researchers at Leeds University believe the rodents could provide useful models for studying the biochemistry of depression in humans.

The team discovered that gerbils, especially females, became withdrawn and suffered altered sleep patterns when they lost their lifelong partners. They became active when other gerbils were sleeping and slept when the others were active.

Gerbils were “remarkably similar” to humans in that they formed lifelong partnerships, the lead researcher, Nicola Starkey, told *New Scientist* magazine.

By observing the chemical changes accompanying symptoms in separated gerbils it might be possible to identify new targets for human drugs.



MUSEUMS

Not learning lessons from the past

Two-thirds of all museums in Britain make little or no special provision for education and fewer than a quarter employ an education specialist, according to a government-commissioned report published yesterday.

The study reveals that the UK’s 1,700 registered museums could do much more to develop their educational work, despite the efforts of many to enhance their provision over the last decade.

David Anderson, author of the report and head of education at the Victoria and Albert Museum in London, proposes that National Lottery money should be used to fund the development of museum education.

A *Common Wealth*, available free from the Department of National Heritage Public Inquiry Point, 2-4 Cockspur Street, London, SW1Y 5DH. **Lucy Ward**

POLICING

Burglars profit from muddle

Police efforts to catch burglars are often ineffectual and muddled, with fewer than six per cent of offenders convicted for their crimes, according to the Home Office. A study of practices in the West Midlands suggests the success rate could be dramatically improved if officers responded more quickly to 999 calls.

Researchers examined a sample of 704 burglaries in 1994. Only one in 10 burglars reported to the police while breaking into a house were caught. Stolen property was only recovered in seven per cent of cases.

Of the six per cent caught and convicted, more than 40 per cent were arrested at the scene of the crime and a third from questioning witnesses. A further quarter of the total was expected to be “cleared up” via confessions from convicted criminals.

Solving Residential Burglary. Home Office Police Research Group, 50 Queen Anne’s Gate, London SW1E 9AT. **Jason Bennetto**

HEALTH

Childhood vaccination hits record

Childhood immunisation reached record levels in England last year, with more children under two being vaccinated than ever before, the Government announced yesterday.

Uptake of diphtheria, tetanus and polio vaccine was 96 per cent, while 94 per cent of children were immunised against whooping cough and flu, and 92 per cent against measles, mumps and rubella.

The Chief Medical Officer, Sir Kenneth Calman, said: “We have reduced the incidence of childhood diseases to their lowest ever levels.” In 1995 there were fewer than 60 cases of measles confirmed, out of about 7,800 notifications of suspected cases. Before immunisation began in 1968, notifications averaged about 400,000 a year.

Department of Health 1996 Immunisation Against Infectious Disease, £6.95 from HMSO.



NEWSPAPERS SUPPORT RECYCLING
Recycled paper made up 41.2% of the raw material for UK newspapers in the first half of 1996

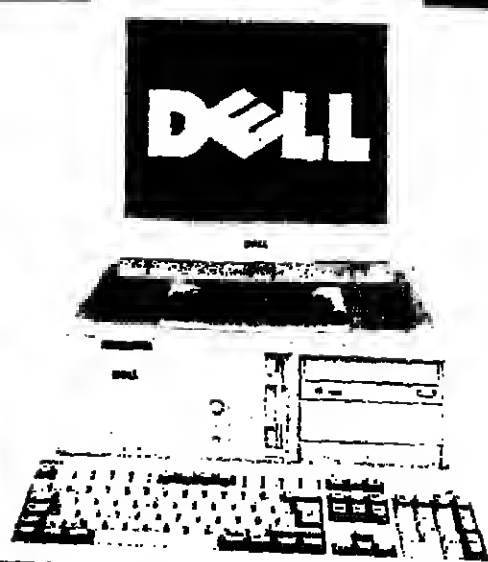
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New model army in the Major mould

Plan to extend school cadet corps pilloried as Tories' latest election gimmick

James Cusick

Like Oliver Cromwell before him, John Major is planning a new model army – by putting more of Britain's pupils on parade. Mr Major's scheme for a modern cadet corps, which could find its way into the Conservative's election manifesto, was yesterday praised, but more often pilloried as the latest "political gimmick" to instil "Queen and country" discipline into Britain's wayward youth.

Under the plan floated by the Secretary of State for Defence, Michael Portillo, the current 130,000 cadet force, which operates out of only 45 state schools, would be expanded to give every school pupil over 13 the opportunity to join the ranks.

In line with Mr Major's classless society, the popular image of the cadets as a coterie of public-school patriots would change, as Mr Portillo said yesterday, to mean "excellent opportunities for all young people... to play a marvellous role on our society. They help young people towards the good values of life, towards self-esteem, self-discipline, team work and respect for others."

Such a notion was immediately attacked by Peter Miller, president of the Secondary Heads Association. "They are probably making an equation between military discipline and the difficulties teachers have with some children these days. But it doesn't work like that."

During his days at Harrow County Boys School, Mr Portillo chose not to play at the "marvellous role", opting instead for the Scouts. And John Major, at Rutlish Grammar in south-west London, was a cricket-playing pacifier who avoided the Combined Cadet Force. Tony Blair at Fettes College in Edinburgh was drafted into the cadets, but sought an honourable discharge as soon as he could to begin community work.

But yesterday at Rutlish, now a comprehensive, no one in the CCF was complaining about their most illustrious old boy's



Choice of uniform: A boy salutes fellow Rutlish pupils in south-west London, while members of the school's Combined Cadet Force consult by their hut

Photograph: Peter Macdiarmid

plans. Michael O'Neill, 15, has been in the school's CCF for two years and is considering joining the Royal Air Force as an engineer. "I like it. I've made good friends and it's hard work," he said.

Every Wednesday and for weekend and summer camps, Michael dons the blue dress and beret of the CCF. The cadets have their own hut; they drill; they learn about military technology; and they have access to a wide range of sports and outdoor activities. Michael particularly likes the military discipline. "You have to polish your boots, make sure your uniform is neat and pressed. Keep your hair short," he said, adding: "It's important to me."

A quiet, well-mannered schoolboy, he is also a good rifle shot. He sees no problem in having access to rifles. "We're

trained, trained to respect them. So there are no problems."

But Jill Marshall-Andrews of the Gun Control Network said the Government now appeared to be encouraging the next generation to embrace guns "and to get some pleasure from them".

Christopher Lawrence, 17, now in his fifth year of the CCF at Rutlish, and a former sergeant, said few joined just to get access to guns. Technology teacher John Humphries, a former commander of the school's CCF, said: "I'd rather have a child trained to use a weapon than not. But I'd rather not have any weapons at all."

He said that the cadets' open day usually swelled the ranks, but once boys learned the realities of the corp, the drop-out rate was high. Of Rutlish's 940 boys, only 60 are in the CCF. Headteacher Tony Mooney

said: "If the MoD put money into schools, I would seriously say to other schools, look at it for what it offers." That cost of expanding the CCF to all schools, Labour Party analysts say, would be up to £1.5bn.

However, as the uniformed cadets marched through the Rutlish playground yesterday, most boys seemed unimpressed by expansion plans. Chris Pearson, 13, said the CCF was "not for him". Was he a conscientious objector? Did he have strong moral grounds? Was he a pacifist? "No, the CCF is on Wednesday nights. And I do something else on Wednesday nights. And the boots, I mean you can't play football in those boots."

His friend Patrick Thorburn, also 13, added "I object too." Why? "Eh, I can't quite remember. Just put it's not quite me."

A force for good born out of the threat from invasion



In step: Learning to march with the CCF

Cadet forces began to form part of the national service in the 1860s when the British were under danger of invasion from Napoleon III. When the threat disappeared the units continued as they supposedly kept boys out of trouble and off the streets, writes David Garfield.

Under the 1908 Haldane scheme, public schools and universities were asked to contribute to the OTC, Officers' Training Corps, with the aim of having a trained reserve of officers. After the First World War a reduction of grants and recognition saw numbers dwindle to around 1,300, and only the devotion of a few individuals kept the force alive.

During the Second World War the OTC was abandoned and in 1948 replaced by the Combined Cadet Force and University Training Corps. The CCF initially consisted of 54,000 members across all the forces.

The modern force aims to provide youngsters aged between 14 and 18 with the qualities of leadership, endurance and a sense of public service. It attempts to instill a sense of maturity – rather than military training. Today the CCF operates in 198 private schools and 45 state schools. There are 39,735 participants with 2,048 instructors who are generally teachers.

French patient is first to be infected with Aids by doctor

Liz Hunt
Health Editor

A woman in France became infected with the Aids virus after being operated on by a surgeon in what is believed to be the first documented case of doctor to patient transmission.

The woman, one of 3,000 operated on by the surgeon who did not know for 10 years that he was HIV positive, is only the second case worldwide in which a healthcare worker is thought to have transmitted HIV to a patient. A dentist in Florida was blamed for infecting five of his patients during the late 1980s.

In France, where the details of the case have just emerged, it has prompted an overhaul of procedures in the health service following what are known as "professional accidents".

The surgeon, Dr Patrick Cohen, had operated on the

woman twice between 1992 and 1993. During the second, lengthy and difficult operation, he had pierced his gloves and injured his hands. His blood is thought to have contaminated the patient through her open wounds.

Dr Cohen, an orthopaedic and trauma specialist, believes he became infected with HIV in 1983 after operating on a woman who had received several blood transfusions. He was unaware of his HIV status until his health failed and he was diagnosed with Aids in 1993.

In 1995 he wrote to the French ministry of health asking that his former patients, about 3,000 people, be traced and offered HIV antibody tests. A total of 968 patients who were contacted agreed to have the tests and one was found to be HIV-positive.

According to a report in

tomorrow's issue of the *British Medical Journal*, the woman was known to have received a blood transfusion at the time of her operations from two donors, both of whom had tested, and continue to test, HIV-negative.

Professor Luc Montaigner, the man who first identified HIV in 1984, was asked to analyse HIV taken from the woman and from Dr Cohen. He concluded that the two viruses were very similar and that "a great probability existed that HIV transmission occurred between two patients".

Professor Montaigner described the incident as exceptional, pointing out that Dr Cohen's blood would have been highly infectious, as he had acquired the virus nine or 10 years previously, had never received treatment and was progressing towards full-blown

Aids at the time of the operation, when transmission occurred. He recommended that healthcare staff be encouraged to report professional accidents; that surgeons should be tested following any injury which could result in the transmission of HIV, and that HIV-positive staff surgeons should not perform invasive or complex procedures on their patients.

An American study of 22,000 patients treated by HIV-positive staff did not find a single case of transmission of the virus.

A number of doubts have lingered about the case of the Florida dentist, David Acer, and how transmission to five of his patients actually occurred in that case.

There are a number of cases in which staff have been infected by HIV-positive patients through needlestick injuries or other routes of exposure.

Sega fires missile at competitor as video games war heats up

Clare Garner

Away from the small screens where children are slugging it out with Super Mario to beat their best friend's record, a mightier, mega-bucks battle is being fought out.

In a bid to stay in the game, the computer games giant Sega announced yesterday that it is to buy Japan's largest toy maker, Bandai Co. for \$1.09bn (£653m).

The acquisition of Bandai's stable of characters, which includes the Power Ranger line, is likely to boost Sega's standing in the increasingly competitive – and lucrative – world video games market. The new company, Sega Bandai, will be formed in October. At twice the size of Nintendo, it will be among Japan's biggest entertainment companies.

Sega has been lagging behind its main rivals, Nintendo and Sony, for some time. Nintendo pulled ahead on the technology front with its 64-bit player



which is able to play more realistic and faster games. The player, which has grabbed 60 per cent of the American market, will be released in Britain on 1 March.

At present, Sony's PlayStation is leading the field in Britain. Christmas was dominated by the 32-bit CD-Rom player, with its PlayStation games *Fla 97* for football fans and *Die Hard*, based on the Bruce Willis films.

Eleven million PlayStations have been snapped up in just

two years, and recent defections by game makers from Nintendo and Sega to Sony are likely to mean a barrage of new games to keep the PlayStation selling.

In contrast, Sega has sold a mere seven million of its 32-bit Saturn machines since releasing them more than two years ago. Last month the company lowered its profit forecast for the year to March after its US affiliate wrote off \$61m (£37m) of outdated 16-bit machines which never sold.

In addition to capitalising

on its newly-acquired toy characters, which also include Ultraman and Dragonball, Sega's comeback will be helped by Bandai's video game designers. Furthermore, Bandai has a joint venture with America's Mattel Inc, which manufactures and markets Barbie dolls and Disney characters.

Both Bandai and Sega have been developing products for the Internet, which could help them gain ground on Sony and Nintendo if the worldwide computer network becomes the focus of the game industry.

Analysts have mixed opinions about Sega's latest move. "Bandai's got well-known characters and know-how in marketing them," said Akira Namekawa, an analyst at Yamachi Securities. "Sega has hardware and software technology." The ages of the companies' audiences are a good match too, he added. Bandai is popular among children and Sega well-known by teenagers and young adults.

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news

Police role in Clwyd abuse case defended

Roger Dobson

Lawyers for the North Wales police force yesterday strongly denied that there was any cover-up in the investigations into allegations of abuse at children's homes in the region.

The police acted throughout with integrity, dedication and skill, Andrew Moran, QC, counsel for North Wales Police, told the Waterhouse Tribunal, which is investigating the allegations of physical and sexual abuse against hundreds of children.

And it was, Mr Moran said, through the efforts of the police and the courage of the victims that abuse on such a frightening scale was revealed.

"We will demonstrate that North Wales Police acted efficiently, with integrity and robustly in the pursuit of truth. One of the objectives of the North Wales Police at this tribunal is to show that fanciful, untruthful and unsupported allegations reflecting upon the integrity of the North Wales Police are publicly shown to be just that," he said in his opening speech to the tribunal, which is being chaired by Sir Ronald Waterhouse.

Mr Moran also rejected allegations of Freemason links within the police, and produced a list of serving and former chief constables, deputy chief constables, and assistant chief constables, who were not Freemasons. "Where there is the Mason link?" he asked.

On the third day of the tribunal hearings, which are expected to last a year and cost up to £10m, Mr Moran said the tribunal was the first time that North Wales Police could present its case and show that it had behaved with integrity and professionalism.

He said: "This is the first opportunity for the force to

demonstrate, free from the constraints that would normally prevent a full exposition of the facts, that it responded appropriately to allegations of abuse of children in care.

"Those constraints have effectively compelled the force to sit back until now, biting its corporate tongue, but happily no longer is that the case."

He continued: "North Wales Police is a body of individual officers, decent men and women, married and single, with or without families and children of their own, who would be, and have been, deeply upset at the suggestion that they would not pursue with the utmost vigour those who could do what was done in these cases to vulnerable children, if they had been given any indication of what was going on."

He added that North Wales Police would fully co-operate in the work of the tribunal.

"We will seek to demonstrate that from the almost impenetrable darkness of as base a human activity as the abuse of children, there was revealed by the courage of victims and the efforts of North Wales Police, abuse of children in the care of the local authority, emotional, physical and sexual, on a frightening scale."

On Bryn Estyn, the now closed home in Wrexham where there have been 138 complaints of abuse, he said there had been a powerful culture of concealment among the staff working there.

"We have extracted from police statements instances of concealment or inaction so numerous they are tabulated over many pages."

"This culture of concealment was aided by certain members of staff who saw no evil, heard no evil and certainly spoke of no evil to the police," he said.



Spring of discontent: A worker from the Halewood plant outside the meeting between Ford and the unions yesterday. Photograph: Andrew Buurman

Labour faces pre-election Ford strike

Barrie Clement
Labour Editor

The Labour Party was faced with the prospect of a high profile pre-election strike by 30,000 Ford workers after the company yesterday refused to drop plans to axe 1300 jobs at Halewood, Merseyside.

Last-ditch attempts will be made by union leaders over the next seven days to persuade the company to produce the replacement for the present Escort at the Merseyside plant.

Privately, however, workers' representatives did not expect Ford to change its mind and union officials predict a strike ballot will go ahead, with the result in about six weeks' time.

Given the statutory seven days' notice for industrial action and the legal stipulation that the first strike must be within a month of the ballot result, stoppages could be staged uncomfortably near the general election for Labour.

At a meeting in west London yesterday union leaders failed

to persuade management to change its mind, but Jack Nasser the company's vice president, is expected to meet employees' representatives during the next week.

Tony Woodley, chief union negotiator, accused Ford of "cynicism of the highest order" for taking advantage of the relatively liberal laws in Britain to get rid of a third of the workforce at Halewood. "It is clear that it is cheaper to sack British workers than German, Belgian or Spanish workers," he said.

The present Ford Escort is produced at Halewood, Saarlouis in Germany and Valencia in Spain, but only the last two plants have been chosen to make its replacement. Mr Woodley believes the decision means that Halewood will be closed in the long term.

He argued that British Escorts were £500 to £1,000 cheaper to produce than the German versions. The future of jobs at Southampton, Bridgend, Swansea and the Dagenham engine plant were now in

doubt because their function was duplicated on the Continent, Mr Woodley said.

The unions pointed out that Britain was the only European country where the company had a major presence and where more Ford cars were imported than exported. In 1995, the output of Ford cars in Britain amounted to 85 per cent of the sales in this country. The proportion for Germany was 132 per cent, Belgium 1,070 per cent, Spain 213 per cent and Portugal 115 per cent.

Sex shops targeted in drug crackdown

Jason Bennetto
Crime Correspondent

A nationwide clampdown on the sale of "poppers", a widely available aphrodisiac, is being launched by the Government amid concerns that the illegal substance is harmful.

As reported in *The Independent* last month, bottles of amyl nitrite and similar drugs face a ban following a successful court case to outlaw their sale. Earlier this month, the law was changed to make poppers, which can be used to treat angina, only available on prescription.

But the Department of Health yesterday announced that its inspectors, local authority's trading standards officer, and the police, are to target shops selling poppers, particularly in red-light districts. They are also keen to stop American manufacturers from supplying

British outlets. The move follows a campaign by the Royal Pharmaceutical Society which argues that the chemicals in poppers can kill and may be linked to a type of cancer - Kaposi's sarcoma - that people with HIV sometimes develop. The drug, which costs about

£4 for a small bottle contains the chemicals amyl, butyl or isobutyl nitrite. The effects of inhaling it include a euphoric rush and enhanced orgasm.

The drug is particularly popular among gay men and is available from sex shops, clubs and mail order.

Lottery to help pay arts debts

David Lister
Arts News Editor

The English National Opera, under fire for its plan to leave the London Coliseum and for its artistic standards, is now set to have its debts paid with money from the National Lottery.

Lottery money will be used for the first time to help pay off deficits of arts companies. Fifteen companies were named by the Arts Council yesterday to share out £15m of lottery money under the new "stabilisation fund".

The scheme officially involves "providing selected arts organisations with the advice and support needed to strengthen their operations and place them on a firmer and more stable basis".

Mary Allen, Secretary General of the Arts Council, said the fund should not be characterised as "a bail-out fund for deficits" though she immediately added: "There are some deficits, and some of these awards will be for paying deficits, but that will not happen unless it is accompanied by a programme for change."

It will be decided in the summer how much of the £15m the ENO and the other organisations named will receive.

The ENO has an accumulated deficit of more than £3.5m. When it announced its plan to leave the Coliseum - which the Government had bought for it - for a new venue earlier this month, former Secretary of State for National Heritage David Mellor described it as "an outrageous breach of faith" and described its artistic standards as low.

The other 14 organisations that will receive lottery money for "stabilisation" are: Birmingham Rep; Blackheath Concert Halls; Bournemouth Orchestra; Bristol City Consortium; Cinema City, Nottingham; Embroiderers' Guild; Hampshire county arts centres consortium; Inner City Music, Manchester; The Junction, Cambridge; London Symphony Orchestra; Northern Sinfonia; Sheffield Museums and Galleries Consortium; Tara Arts Group and the West Yorkshire Playhouse.

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صكبات الامم

Lottery to help pay arts debts

David Lister
Arts News Editor

The English National Opera under fire for its plan to take the London Coliseum out of the arts standards, it now has its debts paid for by the National Lottery. The money will be used for the first time to help pay the debts of arts companies. The Arts Council will share out £15m of the money under the new "arts fund".

The scheme officials will be providing selected organisations with the support needed to start their operations and to run a firm and successful business.

Mary Allen, Secretary of the Arts Council, said: "The fund should not be seen as a bail-out but as a way of helping the arts to get back on its feet."

It will be decided whether the fund will be used to help the arts to get back on its feet. The fund will be used to help the arts to get back on its feet.

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Herbert Watkins' portrait of the Irish composer, violinist and baritone Michael William Balfe (taken 1850s-1890s)



From left, Ralph Vaughan Williams by Douglass Glass; Annie Leibovitz's John Lennon; Judith Weir by Emily Andersen



James Macmillan, whose music reflects his interest in Scottish nationalism, by Barry Marsden (1994)

Camera lens gives a face to the music

Portraits of Victorian composers will sit alongside large exhibition prints such as that of Benjamin Britten by Karsh and modern studies such as Annie Leibovitz's 1970 picture of John Lennon in a new exhibition celebrating 150 years of photographs of British composers, writes David Lister. The exhibition has a large sepia

show, "Variations On A Theme", opens at the National Portrait Gallery in London today. Many of the exhibits come from the gallery's archives and are rarely on view. A series of concerts in the gallery will feature music by composers from the exhibition.

brocade of Sir Edward Elgar by the amateur Dr Grindrod, and a group of snapshots by Elsie Gordon in the early Twenties including Sir Arnold Bax, Percy Grainger and a rare glimpse of Maurice Ravel. Emily Andersen's Judith Weir, taken this month, is the most recent offering.

Judges end the right to peaceful protest

Patricia Wynn Davies
Legal Affairs Editor

There is no legal right to hold peaceful, non-obstructive demonstrations on the highway, and the police are entitled to use new public order powers to stop them, two senior judges declared yesterday in a far-reaching test case.

The case, which contradicts

what many people have always viewed as a "right", arose out of the clearing of the first two people charged with "trespassing assembly" under the 1994 Criminal Justice and Public Order Act, and was the first test of whether the police could use their new powers to clamp down on peaceful protests.

Giving backing to the new offence, the judges ruled that

"any" assembly of at least 20 people would fall foul of it, however peaceful and non-obstructive and whether or not it threatened public order.

Dr Margaret Jones, a lecturer in literature studies at the University of the West of England, and Richard Lloyd, a housing assistant, had taken part in a peaceful roadside demonstration alongside

the Stonehenge perimeter fence while an order under the Act, banning an assembly of 20 or more people, was in force.

They were found guilty by Salisbury magistrates last year, but the convictions were overturned on appeal to the Crown Court, which said the assembly was lawful because it was peaceful and did not obstruct the highway.

That view was decisively rejected by Lord Justice McCowan and Mr Justice Collins, who upheld an appeal by the Director of Public Prosecutions and invited the Crown to pursue the charges again before a differently-constituted Crown Court.

Emphasising the impact of the 1994 Act, on which the Labour Party abstained, Lord Justice McCowan said the lower court's judgment "leaves out

of account the existence of the order." Mr Justice Collins said the holding of peaceable meetings, demonstrations or vigils on the highway might be "tolerated" if they did not cause obstructions, "but there is no legal right to pursue them."

While his dispute concerned Stonehenge, people could be at risk of prosecution if - without obstructing other members of

the public - 20 or more of them congregated outside a fur shop, a school where parents were protesting over discipline, or the offices of a council contemplating building on the green belt. All the police would need to do would be to seek an order under the Act from the local council.

The case is likely to reach the European Court of Human

Rights. Mr Justice Collins yesterday rejected an argument that the ruling would breach Article 11 of the European Convention of Human Rights, guaranteeing freedom of peaceful assembly. He insisted that there was still an "ability" to hold a peaceful assembly. But the ruling means that this "ability" will always be in the gift of the police.

Fashanu 'in touch with betting ring'

Michael Streeter

The former professional footballer John Fashanu was in constant contact with a man accused of representing a Far Eastern syndicate betting on fixed football matches and shared a common interest in the game but was more concerned with business, a court was told yesterday.

Glynn Mason, an employee of Mr Fashanu, told Winchester Crown Court that the presenter of television's *Gladiators* concentrated most on his growing media and business career and had negotiated a contract with his club, Wimbledon, in which he did not have to train and received a fee for turning up at matches.

Mr Mason said Mr Fashanu and fellow defendant Heng Lim, known as Richard, often discussed football, adding: "Mr Fashanu isn't the best person to ask. Sometimes he wouldn't

know who he was playing when he went to a match." Mr Fashanu had three businesses. Ooe, Fash Eoterprises, was for his television and newspaper work and appearances he made, another was a construction firm and the third, Blue Orchid, had been set up to promote football in Africa. The companies operated from Warm Seas House, Wellington Road, London, near Lord's cricket ground, and Mr Fashanu had a flat in the same block, he said.

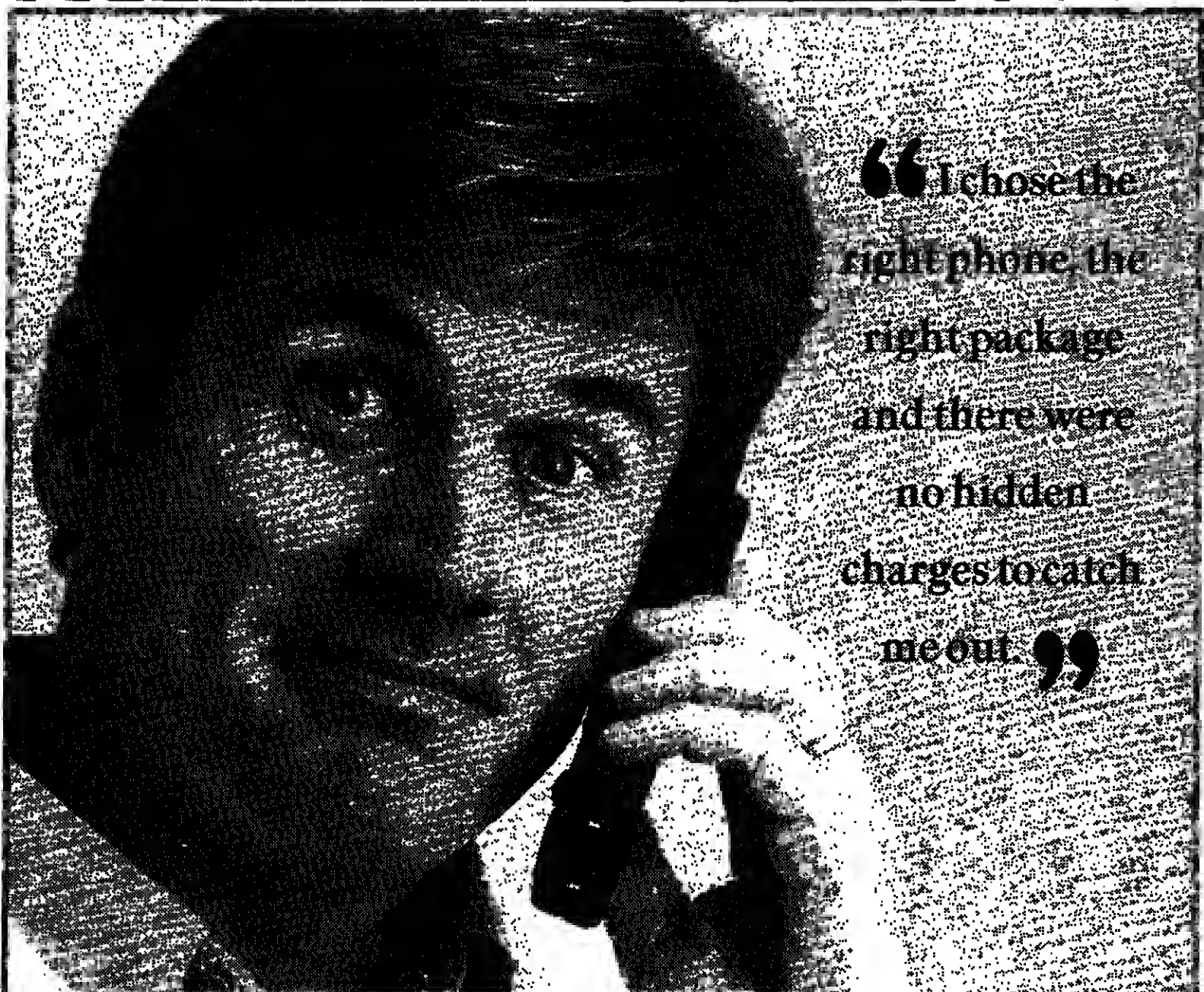
In 1992-93 Mr Fashanu had a contract with a South African broadcasting company to predict the results of forthcoming English league matches, said Mr Mason. There would be a phone link to South Africa, a photograph of Mr Fashanu on screen, and Mr Fashanu would predict the results of games.

Questioned by Desmond de Silva QC for one of the defendants, Hans Segers, the former Wimbledon goalkeeper, Mr

Mason said he had got to know a number of the players in a team known for their antics as the Crazy Gang - of which Mr Segers was a prominent member. The goalkeeper would sometimes act as a lib for Mr Fashanu in his "romantic odyssey through life" and there would be telephone calls, sometimes late at night, so Mr Segers "could do his bit".

The prosecution claims the "pattern" of phone calls between the pair help show their involvement in alleged betting on thrown matches.

Mr Fashanu, 34, Mr Lim, 31, and Bruce Grobbelaar, 39, deny giving or receiving money in a conspiracy to throw matches. Mr Lim, Mr Fashanu and Mr Segers, 35, deny a similar charge. Mr Grobbelaar, now with Plymouth Argyle, denies another charge of accepting £2,000 as an inducement or reward to throw a match. The case continues.



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Priest adulter trial collapse

[illegible]

ص ٥٥١ من الاصل



Birthday party: The bronze statues of a family outside the National Hockey Centre in Milton Keynes, photographed on deserted streets early yesterday morning on the day the Buckinghamshire town celebrated the 30th anniversary of its designation as a new town in 1967. Photograph: Nicola Kurtz

Non-existent children who cost £100m

Fran Abrams
Political Correspondent

Tens of thousands of families could be claiming child benefit for children who do not exist, who have died or who are no longer eligible, according to an official report published yesterday.

The report says that 76,000 blank birth certificates have been stolen and could be used in frauds. It adds that thousands of 16-18 year-olds could still be on the benefit list even though they have left school.

Although the figures in the report do not give a clear indication of the size of the problem, one Conservative committee member suggested that the fraud could be costing the taxpayer more than £100m a year.

At a press conference yesterday Frank Field, the Labour chairman of the Social Security Select Committee, said the Department of Social Security had appeared unwilling to accept that it was vulnerable to such fraud. "Here is part of the department that has been asleep. It is thought that fraud

cannot operate in this area," he said.

The report shows that while the DSS paid benefit to around 970,000 parents of 16-18 year-olds, the Department for Education and Employment had records of only 617,000 still in full-time education. Teenagers who leave school before they are 18 cease to be eligible for benefit.

Much of the discrepancy stems from the fact that one department bases its figures on the young person's age in August while the other uses December, and from the fact that the definitions of "full-time" education differ. However, the figures "still do not seem to tally", the report says.

In some cases children who are in receipt of benefit have died or never existed, the report says. In others, families who have left the country continue to claim. A check on 44,000 embarkation records showed that 10 per cent were still receiving benefit.

The Commons Report on Child Benefit Fraud, £11.30; Stationery Office, PO box 276, London, SW8 5DT.

Priest's adultery trial collapses

Andrew Brown
Religious Affairs Correspondent

The last trial of an English priest for adultery in front of one of the oldest courts in the country ended abruptly yesterday when all charges against the Rev Edward Glover were withdrawn. Psychiatric evidence was brought to show that his accuser, Margaret Orpen, could not be believed when she claimed he had seduced her and made her pregnant.

The judge, the Rev Canon Rupert Bursell QC, said: "This

charge of St Alban's, Trimdon. The bishop, Dr Michael Turnbull, heard from both parties to the case, and concluded that there was a case to answer. So did the "examiner" he appointed in the ecclesiastical equivalent of a magistrates' court hearing. The case then could not be stopped or withdrawn until it reached open court yesterday.

Yet the court was told that the prosecution, once it began to prepare its case, had found evidence that Mrs Orpen had repeatedly been told by doctors that she was not pregnant and had not been at the relevant time. A graphologist gave evidence that she had in fact written a letter in which she admitted that he did not love her - though she denied this in an affidavit to the examiner.

This, said the judge, explaining why he was allowing the prosecution to withdraw its case, was evidence that she had lied on oath at least once.

Judge Bursell said: "The psychiatrist would say that Mrs Orpen is suffering from a psychiatric syndrome. She has been diagnosed after a very full assessment by an eminent psychiatrist, as suffering from a condition - I don't think I need to name it - which explains her conduct. The illness itself is one which is delusional."

Mrs Orpen was not in court to hear this, but she said in a statement that she still maintained her charges, even though she admitted they could not be proved.

A statement issued on behalf of Mr Glover afterwards, explaining why he had allowed the case against him to be withdrawn, said: "His compassion is such that he felt it wrong to see Mrs Orpen suffer under what would be a very proper but rigorous cross-examination."

The allegation today is one of many that have been made against him. He has been accused by Mrs Orpen of many things, and his family have been harassed with telephone calls at all hours of the day and night."



Innocent: Rev Edward Glover

case is one of enormous sadness, and which must raise enormous pastoral concern. The allegations made by Mrs Orpen were initially made to a national newspaper."

The Sun had published her story under the headline: "Randy vicar revved me up with a bonk in his Volvo."

Judge Bursell said "There can be and is no criticism of that newspaper for publishing that complaint. However, it was only after that article had appeared in the press that any complaint was made to the Bishop of Durham alleging that Mr Glover had been guilty of adultery with Mrs Orpen, one of his parishioners."

Both Mr Glover and Mrs Orpen are married, with children. He was at the time priest in

Last gasp of an ancient court

The collapse of the trial of the Rev Edward Glover, after evidence came to light that his accuser was mentally ill, was probably the final gasp of one of the oldest and least efficient courts in England.

The Consistory Courts can be traced back to the time of Edward the Confessor. In recent years they have usually been used to determine questions of church alterations. But they have also been used twice before in the last 30 years in cases of sexual misconduct, each time with expensive and humiliating results.

The Rev Tom Tyler, a vicar, cost the church £300,000 in legal costs before he was finally convicted of adultery with a

parishioner. In 1995, the Dean of Lincoln, Dr Brandon Jackson, was acquitted of adultery with a trainee vergar after a three-day trial costing £100,000.

Yesterday's trial was inevitable under the Ecclesiastical Jurisdiction Measure of 1963, since the prosecution had no opportunity until it came to court to withdraw its case in the light of the evidence.

The General Synod has approved new national tribunals to replace the old system. These, proposed by Canon Alan Hawker, will lead to an increase in trials, according to one member of his committee. But these trials will be fairer and quicker.

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THE GREAT BIG HALIFAX X VOTE

news

Every now and again a soft and deadly thought finds its way into the pudgier folds of my brain, and lodges there comfortably. This is the idea that the worst that can happen at the next election is that John Major will be re-elected.

The Prime Minister – a transparently decent bloke (says this little thought) – will continue to humiliate along pleasantly for another five years, so does it really matter? Fortunately, yesterday was one of those days when this seductive microbe found itself battered by the reality of the Chamber. A great question was posed, and could not be satisfactorily resolved. It was this: if John Major is such a great guy, how come Michael Howard is his Home Secretary? Would any reasonable, go-

ahead chap populate the entire Home Office front bench with a collection of crass populists, vicarious sadists, casual xenophobes and brain-dead time-servers?

Timothy Kirkhope, hammer of "bogus asylum-seekers" was not pressed into service yesterday, having no anti-immigrant rant from his backbenches with which he could agree (but John Major is an honourable man). Instead we had Tom Sackville responding to a series of questions on the legalisation of cannabis for medical use. His first reply (to Labour's Gordon Prentice) was bureaucratic – "level of product quality" etc. His second, however, gave the game away. Harry Greenway, the tanned ex-headmaster from Ealing, offered his opinion on cannabis. Was it not a fact,

he asked Mr Sackville, that "soft drugs lead on to hard drugs inevitably, and hard drugs lead to death, often within seven years?"

A responsible minister would have replied thus: "Bollocks. If what my honourable friend was saying was true,

an entire generation – including many of my own pals – would be pushing up the daisies, rather than sitting in the House of Commons, or running British industry. Get a life." Instead Sackville assented happily to Greenway's nonsense, adding a gratuitous attack on

the Liberal Democrats for daring even to discuss the legalisation of cannabis. (But John Major, we know, is an honourable man.)

Now it was David "Shouter" Maclean's turn. Shouter has a ghetto blaster instead of a head, and every question is met with a decibellage that would earn a council tenant instant eviction. Labour's Hugh Bayley asked about crime figures in West Yorkshire since 1979 (adding a silly bit of "they must go" sound-bite to a good question). What check, bellowed Mr Maclean. Labour had voted against everything the Chief Constable of West Yorkshire had wanted to strengthen crime control (stiffer sentences, uncontrolled phone-tapping, the rack). "They hadn't the guts to support the

Crime Bill on Tuesday," he screamed. Stop the rhetoric, someone advised him. "I don't give the House rhetoric!" yelled Mr Maclean. "I give the House facts!" Famous Maclean facts (readers will recall) include the notorious observation that all beggars are Scottish. (John Major, however, is an honourable man.)

Michael Howard, dealing with a tame question about a Lib Dem council, reluctant to invest millions in closed circuit TV said that Lib Dems "don't care in the slightest about taking effective action on crime." Oh yes? And who would you look to for support if attacked by bullies on a dark night – Michael Howard or Paddy Ashdown?

Sure, John Major is an honourable man. He gets others to do the dirty work.

DAVID Aaronovitch

How to stay decent by letting others dish the dirt

Labour's frontline troops rehearse their phrases

Fran Abrams
Political Correspondent

Talking to half a dozen Labour key-seat candidates is a bit like setting off an assortment of those clattering teeth they sell on the sea front at Blackpool.

Wound up by pre-election fever, they fall over each other in their eagerness to put the party line. Immaculately groomed, politically and sartorially, they exude New Labour from every pore. Not one could be induced to contemplate defeat for even a moment at a candidate's session with Tony Blair in a London hotel yesterday.

All agree that their party's campaign will be a very different operation this time. Directions from headquarters are much more clearly focused. Some have been out on the

stump for months, and talk busily of "switchers" and "barometers". The language is pure Blair, and all are clearly keeping their "five Labour pledges" close by them on tax, class sizes, crime, National Health Service waiting lists and youth unemployment.

Debra Shipley, candidate for the new seat of Stourbridge, who needs a 4 per cent swing from the Conservatives, says she uses Mr Blair's list of promises all the time. "I can get them over very clearly," she said.

Even a question about which issues are playing badly brings a response about how well things are going. "We have

lanced the problems that we did have," said Siobhain McDonagh, who is standing for the third time in Mitcham and Morden against Dame Angela Rumbold, a for-

mer minister with a 1,700 majority. "People will ask you how you are going to pay for your commitments, which we have real answers to."

Naturally, they are unimpressed with the Tories' latest electoral wheezes. Plans to expand the cadets elicit an almost controversial response from Chris Ruane, a primary school deputy head standing in the new Vale of Clwyd seat. "I could think of many more focused ways to spend the money than teaching young people to march around a square with a gun," he says.

Quick as a flash, Siobhain McDonagh leaps in to add that of course the cadet corps provide a useful service. She saves the day. Just for a moment, it looked as one of Blair's new model army might air an independently formed opinion.



Spln doctors: Alistair Campbell (left) and Peter Mandelson at the hotel for Tony Blair's candidates' session

Photograph: Brian Harris

Bleak outlook for bugging Bill

Anthony Bevins
Political Editor

The controversial Police Bill could be in jeopardy after a Commons decision to wipe out the government majority on important legislative committees.

The Bill, giving new "bugging and burglary" powers, suffered two defeats in the Lords this week and has still to go to the Commons. But it emerged yesterday that some Conservative MPs are as opposed to the new police powers as the peers – and the whips anticipate a Commons revolt.

Given the loss of the overall government majority in the Commons, and the reflection of that in legislative committees, John Major faces increasing problems with his legislative programme in the run-up to the election.

Another threat to proposed legislation was announced yesterday by the Ulster Unionists and the Scottish Nationalists, who are combining to oppose the doubling of air-passenger

duty announced in the Budget.

There was speculation yesterday that a Finance Bill defeat on that issue could prompt a vote of confidence, and force an early election. But defeat on the £125m air-passenger duty is not – by itself – important enough to trigger a vote of confidence.

As Margaret Thatcher said in a confidence debate in March 1976 – after the Labour government had been defeated on its public spending plans – "Governments have been defeated on single clauses in the past... No one has suggested that these were resigning matters... But when there is a defeat on a matter central to the historic nature of the power of the House of Commons over the Executive, that is a resigning matter."

The Government won that vote of confidence, and remained in office until it lost another vote of confidence in March 1979.

The risk of defeat for Mr Major on significant issues, like the Police Bill, is worrying the whips, because the last thing the

Prime Minister wants, is to be forced into an election through defeat on a vote of confidence. While Mr Major is retaining flexibility for a 1 May election, there is a strong cross-party view building up for 10 April, when many students will be on holiday, and away from marginal Tory constituencies in university towns.

The latest date for dissolution of Parliament for a 10 April election would be 12 March.

Yesterday, in an address to Labour candidates, Tony Blair said the Tories were in a state of panic. "They are in such a state that anything could happen to bring the general election forward."

He also warned that if the Conservatives were re-elected, they would feel free to stop at nothing. "They'll think they're living in a one-party state where they could do and say anything that they want at all."

John Prescott told the same London meeting: "The Tories will stop at nothing to cling on to power and if they win again, they'll certainly stop at nothing."

Labour in talks over royal yacht

Christian Wolmar
and Nicholas Schoon

Promoters of a scheme to build two ships to replace the royal yacht *Britannia* at no cost to the taxpayer met with Labour's defence team yesterday, as phone-in evidence suggested most people opposed paying for the £60m cost of the new vessel from the public purse.

The group backing another rejected proposal – for a sail training ship – also expressed their disappointment, and said their £65m vessel could have been funded by the private sector.

The first scheme, the Britannia Project, has been put together by a group of shipping and travel companies. They want to commission two vessels costing £120m each, paid for by exporters using the ships for trade promotion and by wealthy people travelling on cruises.

Peter Robbins, the project's marketing director, said the Queen would only need the ships for up to 40 days per year, and exporters would use them for 50 to 60. The rest of the time they would be available for "six-star" cruises for "the most discerning passengers in the world."

The second scheme, rejected by Defence Secretary Michael Portillo, was for a sailing ship which would take cadets on "character-forming" voyages when it was not employed on Royal hours or export promotion.

PRIME MINISTER'S QUESTIONS

SCORING THE EXCHANGES

John Major 4/10
Tony Blair 6/10

Major said that the creation of a single currency in January 1999 was "extremely unlikely". But he went to great lengths to avoid answering Blair's question: "might we join if Europe was (that) ready?"

Blair's first and second questions highlighted the shift in Major's position on EMU. In his third question he let him off the hook by bringing up the issue of a Conservative split, allowing Major to throw the accusation back at Labour.

THEMES OF THE DAY

• Spending on the Millennium (Alex Salmond, SNP; Benoit and Buchan)
• The single currency
• The windfall tax, Richard Alexander (C, Newark)
• Labour's handling of the economy, Tim Yeo (C, Suffolk South)
• Primary school class sizes, Henry Cohen (Lab, Leyton)

BLAIR'S ATTACK

Blair's first question established that Major thought Europe would not be ready to launch the single currency in 1999. His second question, asking Major to say clearly whether or not Britain would join if the conditions were satisfactory, established that Major did not want to discuss the scenario.

GOOD DAY BAD DAY

Alex Salmond He had calculated the benefit to schools that the funding allocated to the Millennium Dome could provide. Major fumbled and evaded the question.

Henry Bellingham (C, Norfolk NW) A statement, dressed up as a question, on the windfall tax, was "tied out of order" by the speaker because he was asking about Labour policy for which the Prime Minister has no responsibility.

THE QUIP OF THE DAY

Thomas McAvoy (Lab, Glasgow Rutherglen): "Is it not regrettable that the Defence Secretary, Deputy Prime Minister and the Prime Minister were never members of the cadets, given that the first needs lessons in loyalty, the second needs lessons in self-discipline and this Prime Minister needs lessons in leadership?"

THE UNANSWERED QUESTION

Bob Hughes (Lab, Aberdeen North): "Will the PM say why he is spending hundreds of millions of pounds in compensation for farmers for the BSE crisis, in excess of £100m in compensation under the firearms bill... yet refuses to give any compensation to those infected with Hepatitis C?"

THE CREEP OF THE DAY

Alexander decided it was worth asking a question unrelated to government policy. His question on the windfall tax was not picked up on by the Speaker, and allowed Major to spend time discussing Labour's plans rather than those of the government.

Compiled by Ben Sugraves

Letters, page 17

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Dixons

There's a great deal going on

صكزا من الامل

Ferry walkway disaster blamed on inept design

The design of an elevated ferry passenger walkway, which collapsed killing six people, was inherently unsafe and dangerous, a court was told yesterday.

Inaccurate design calculations, inferior steel and bad workmanship meant the disaster in 1994 at the port of Ramsgate, in Kent, was an accident waiting to happen, it was claimed.

Six people were killed and seven others seriously injured when the walkway fell more than 30 feet to the ground in the early hours of 14 September.

The Health and Safety Executive is prosecuting four companies under the Health and Safety at Work Act in connection with the accident.

Lloyds Register of Shipping yesterday pleaded guilty to a charge under the Act, which alleged that they failed to ensure the safety of passengers in checking the equipment.

Two Swedish companies, Fartygsentreprenader AB and Fartygskonstruktörer AB, have entered not guilty pleas to the same charge, but are not represented in court.

Port Ramsgate Ltd has

pleaded not guilty to one charge under the Health and Safety at Work Act and one under the Dock Regulations Act.

Hugh Carlisle QC, for the prosecution, told the jury of seven men and five women at the Old Bailey that the walkway collapsed just four months after it had been installed at the port, which operates a passenger ferry route to Belgium.

Just one steel pin held the walkway in place, connecting the huge ferries with the terminal building. At the sea end of the walkway four sliding feet were supposed to keep it in place and allow for movement of wind, tides and waves.

But, claimed Mr Carlisle, inferior steel, inaccurate design and substandard welding aligning the feet to the walkway caused the accident. He told the jury the walkway was too rigid and the feet too small to support the loads.

"The design was inherently unsafe and it has to be said that this was a design that was both inept and incompetent. It was an accident waiting to happen and it happened earlier rather

than later because of poor welding," he said.

Steven Jones, 34, from Manchester, and 42-year-old Jason Dudley, from Epping, Essex were killed along with four other people from France, Italy and Belgium. Among those injured were British, Japanese, American and French tourists.

Mr Carlisle told the jury that the burden of proof would rest on the three defendants to prove they had done as much as they reasonably could to ensure the safety of people using the court and the walkway.

All four companies face an unlimited fine or the possible imprisonment of individuals if found guilty.

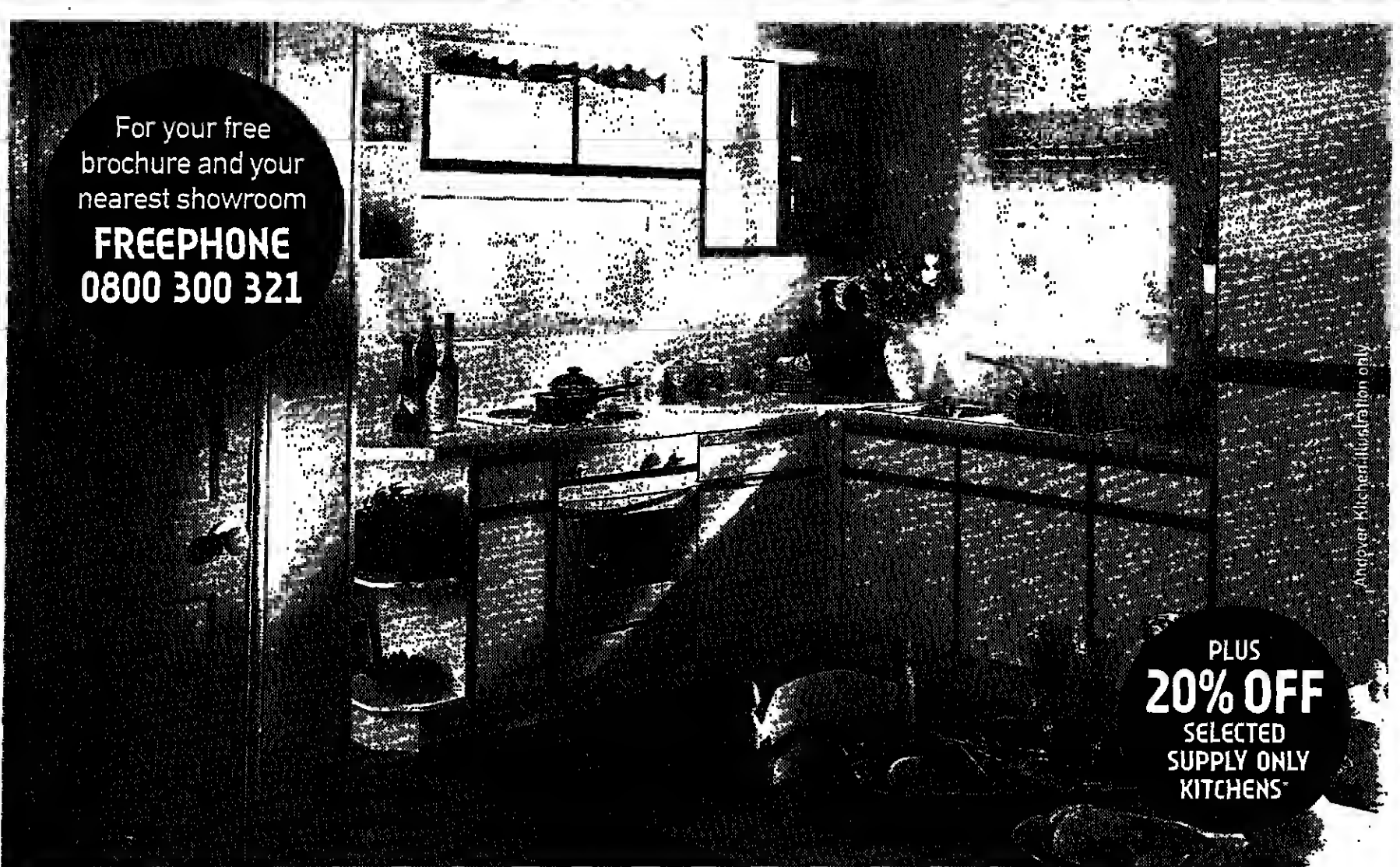
The trial is expected to last three to four weeks.



Upwardly mobile: Steeplejacks climbing the 120ft chimney at Quarry Bank Mill, Styal, Cheshire, the largest working textile museum in Europe which is returning to steam power with the help of a £537,000 lottery grant; £168,000 is needed to finish the work. Photograph: Craig Easton

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outlook ing Bill



Poor taste: An independent panel is to monitor alcopops

Youth drinks condemned for sexual labelling

Glenda Cooper

The drinks watchdog, the Portman Group, is to set up an independent panel to monitor the naming and packaging of drinks such as alcopops, after criticism of its in-house system. However, its latest report on the naming and packaging of alcoholic drinks upheld almost half the complaints that had been made. Three drinks in particular, TNT Liquid Dynamite, Purple Passion and Dogs Bollocks, were found to have breached the drinks industry guidelines.

TNT Liquid Dynamite was found to be unacceptable for using dangerous imagery, the packaging being reminiscent of a stick of dynamite. Purple Passion, which uses the phrase "testi cool" on its label, breached the code by inferring that the product might boost sexual prowess. Dogs Bollocks also implied sexual prowess and the Portman Group objected to its marketing strapline "Dangerously Drinkable". The code, which was brought in mainly to deal with alcopops, is voluntary.

Mark Round, a partner in Round Imports, which makes TNT, said they would not change anything. "We asked the Portman Group to furnish us with evidence to support their allegation that TNT encourages

anti-social behaviour," Mr Round said. "They have not been able to give us any evidence." He described the Portman Group's decision as "unfounded and unfair".

Jean Coussins, director of the Portman Group, said they had no jurisdiction over brewers who have not signed up to the code. But he said many retailers supported the code and might refuse to stock the items.

Ian Rogers, managing director of Wythwood Brewing, who produce Dogs Bollocks, said they would review the name, but also criticised Portman for singling out three independent breweries.

The new independent panel will be chaired by Laurence Shurman, the former banking ombudsman. It includes a head teacher, a former Lord Provost and Lord Lieutenant of Glasgow, and the chairman of the Advertising Association.

Mary-Ann McKibben, assistant director of Alcohol Concern, welcomed the creation of an independent panel. "We have been campaigning for the establishment of an independent panel to consider complaints because there were clearly question marks about the impartiality of the Portman Group, which is funded by the country's largest drinks companies," she said.

DAILY POEM

Strange

By Chris Jones

*The car spray's curled lip - a salutation
to let me know I'm back in town, your town,
marooned at this two track, see-through station
the time it takes to fix lines that are down.*

*I could phone, we could meet, between the trains,
but I'm adverse to getting pissed over,
and my pre-emptive patter - when it rains
it pours, always made you run for cover.*

*I could tip-toe inland and brush the traps
of memory - the reeky's rain-greased swings,
the tucked in pubs, and the church (where perhaps...):
receive them as strange, complicated things.*

*I could surprise you, go over old land,
turn up your street and knock on your door and*

Chris Jones, who won an Eric Gregory Award for young poets last year, is one of a group of writers formerly based in Sheffield and represented in the anthology *Five*. It also features poetry by Peter Boughton, Matthew Clegg, Tom Roder and Adrian Head, and is available for £5 from One Three Six Publishing, 6 Moor End Road, Sheffield S10 1ND.

international

Battle of the airwaves: As the regime crumbles, the nation is rejecting the state media's diet of lies

Protesters pull the plug on Milosevic's cosy vision of Serbia

Steve Crawshaw
Belgrade

"I want to live in the land of RTS," says a slogan on the streets of Belgrade. Certainly, the Serbia portrayed by Serbian Radio and Television (to give RTS its full title) seems a charmingly cosy place. Watch the television evening news and you will learn: the economy is booming; international links are flourishing; the President is a calm and confident hand on the tiller, bringing peace and prosperity to his country. There are occasional fleeting references to the story that has dominated front pages worldwide - mass protests which have threatened the regime as never before. But the protests appear small, and the views of the opposition are never heard.

According to Belgrade, the demonstrations are, in any case, a foreign virus. Last Friday night, coverage of the protests consisted largely of a report at-

tacking *The Independent's* guide to people power, published earlier in the week. The news said that publication of *The Independent's* "Ten Commandments" showed the demonstrations were not homegrown, but deliberately stirred up abroad.

Radio Belgrade is sometimes even more imaginative: one report talked of how a branch of the CIA hypnotised the demonstrators with black magic. The pro-government daily *Politika* ignores the demonstrations, or gleefully confines itself to quoting evidence of the splits in the opposition.

The style of the television news is reminiscent of old-style Communism: lots of meetings and ceremonies and few glimpses of reality. Many who once supported Slobodan Milosevic talk bluntly of "terrible lies". Every night at 7.30pm, Belgrade echoes with chants and whistles for a full half-hour, as Serbs hang out of their windows banging pots and pans to drown



Channelling their efforts: Protesters block traffic in Belgrade during broadcasting of state-controlled TV evening news

Photograph: AP

out the news. "It's a nice feeling," said one Belgrader. "It helps people to feel solidarity."

Side by side with the "regime news", however, alternative voices can be heard with increasing clarity. Broadcasting from some scruffy rooms on the fifth floor of an apartment block in Belgrade, the B92 radio station has gained both fame and influence, thanks partly to the authorities themselves. The authorities last month took B92 off the air for three days, describing its broadcasts as "illegal".

B92 complained, and casually referred to domestic and international interest in B92's problems and a planned press conference. It miraculously turned out that the closedown was an unfortunate accident caused by a technical hitch.

The broadcasting authority explained: "The broadcast was stopped due to a malfunction of the transmitter. Penetration of water into a coaxial antenna cable created some interference of the transmitter and antenna system... The transmitter and

antenna system are now fully operational." Coaxial cable has more or less become a synonym for "ludicrous excuse" in a newly sceptical Belgrade.

B92's transmitter allows its output only to be heard in part of Belgrade. Within that limited area, its audience has tripled from 300,000 to more than a million. But B92 is no longer alone. A student radio station, Index, has become enormously popular. New newspaper titles, like *Demokracija*, are eagerly devoured. An opposi-

tion news magazine, *Vreme*, once read only by a tiny minority, has doubled its circulation to 60,000. Previously timid papers have become bolder.

Veran Matic, editor-in-chief of B92, is convinced that the changes in people's thinking can no longer be rolled back, even by the violence that some still expect. He notes the contrast between the reaction to the takeover last year of Studio B, an independent Belgrade TV station, and the recent closure of B92. "When the government took over Studio B, 500 people protested. When we were forbidden, the whole world protested... The last two months have meant more for the citizens of Serbia than the past 40 years."

B92 has also become involved with publishing, for example, translations of *The Death of Yugoslavia* (an authoritative history of the conflict by Laura Silber and Allan Little, to accompany the BBC series of the same name), and an account of the Srebrenica massacres in 1994. Neither book makes easy reading for Serbs: they are painfully generous with the truth.

Mr Matic acknowledges that such tough reading will not immediately be popular. "Most people here still think Serbs didn't bomb Dubrovnik and Sarajevo isn't badly destroyed, and Srebrenica was an accident. It will be difficult to change. There won't be de-Nazification here, because the Hague tribunal has not done very well. They only get the little fish."

He is sure that changes are on the way, but that state television will be the last thing to change. "It will be the last thing Milosevic will give up. He's the first East European ruler who understood the power of TV. He realised he can control society better with the TV than with the police."

Violence flares in fight for Serbian media

Alison Smaile
Associated Press

Kragujevac - Police beat up protesters in a central Serbian town yesterday during a face-off over control of local media, and the head of the local government warned that violence could spiral.

Hundreds of police had harried themselves inside the radio and TV station in Kragujevac, about 90 miles south of Belgrade, to prevent their takeover by new city officials, who support the Serbian opposition.

Thousands of opponents to President Slobodan Milosevic surrounded the television station, and were threatening to use force to enter.

About 30 cars and trucks blocked traffic on the main road between Kragujevac and Belgrade yesterday afternoon. But some 60 riot policemen charged with batons, badly beating up two protesters and breaking up the blockade.

Police arrested at least eight opposition activists during road blockades in several cities, as the opposition called for its supporters to block roads across the Serb republic.

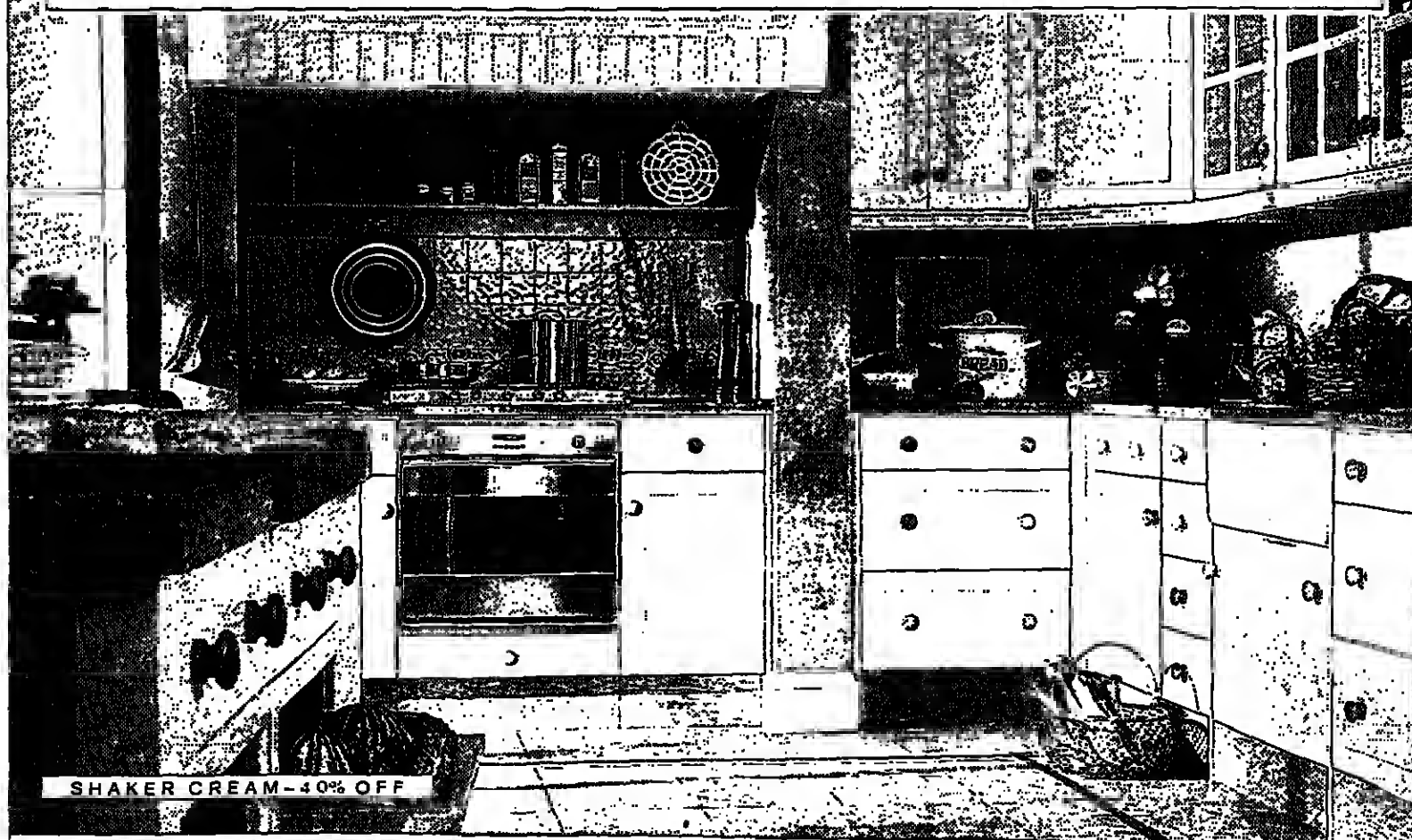
Kragujevac was won by opponents of Mr Milosevic in local elections in November. In contrast to his treatment of many other cities and towns in Serbia, Mr Milosevic has allowed the opposition to take power there.

Control of the media is a central issue in the struggle between Mr Milosevic and the opposition. Whoever wins city hall controls local radio and television stations. Mr Milosevic has used a monopoly on the media to keep support, especially in provincial towns and rural areas. He needs to have control of the media message this year as Serbia prepares for presidential and parliamentary elections.

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Food for thought

Albania's rulers claim no part in money scam

Andrew Gumbel

Faced with the nightmare of hundreds of thousands of people seeking redress for the loss of their hard-currency savings, Albania's government yesterday used a combination of repression and legislative reform to try to distance itself from the collapse of three of the country's so-called "pyramid" investment schemes.

A new law rushed through parliament, which acts as a rubber-stamp for the ruling Democratic Party, formally banned the pyramid schemes and threatened prison sentences of up to 20 years for anyone who tries to organise them.

At the same time, more than 100 people were arrested up

and down the country - some for their role in the financial scams and others for their part in an anti-government demonstration in the capital, Tirana, last Sunday that was brutally broken up by secret service agents and riot police.

Two of the most prominent pyramid scheme organisers, Bashlim Driza and Rapush Xhaferi, were detained and charged with fraud. Among the 53 people detained for taking part in the Tirana demonstration were several senior members of opposition parties, including the secretary-general of the Socialist Party, Rexhep Mejdani, and the leader of the Social Democrat Party, Skender Gjinushi.

Clearly, the aim was to in-

timidate the Albanian opposition into silence while trying to reassure up to half a million disappointed investors that the government had nothing to do with the pyramid schemes or their failure.

In a country as autocratic as Albania, it seems inconceivable that the pyramid schemes could have flourished without the government's consent. Revealingly, the arrests did not affect pyramid schemes still in business.

The government's action did not deter several hundred people who took to the streets yesterday in the northern town of Shkoder chanting overtly anti-government slogans. "The government should go, we want our money!" they shouted.

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media's diet of lies

Violence flares in fight for Serbian media

Alison Smale
Associated Press

Kragujevac — Police beat up protesters in a central Serbian town yesterday during a fierce battle for control of the local media. The head of the local government warned that violence could erupt.

Hundreds of police had gathered in the town, which is a major industrial centre, to prevent protesters from taking over the town's only television station. The protesters, who were armed with stones and bricks, were seen on the town's main street. The police used tear gas and batons to clear the protesters from the street.

The protesters, who were mostly young men, were seen on the town's main street. The police used tear gas and batons to clear the protesters from the street.

Guillotines add a barbaric touch to Algeria's bloodbath

The Islamic Armed Group (GIA), the most violent of the Algerian regime's "Islamist" opponents, has been displaying a new machine in the suburbs of Algiers.

It is a primitive version of Madame La Guillotine, a makeshift head-cutter with an iron blade to which its victims are subjected after being dragged from their homes.

According to residents, the guillotine is mounted on a lorry. Those condemned to die by the GIA are taken from their apartments and, their mouths stuffed with newspaper, are guillotined on the truck before the vehicle is driven off in search of further "enemies of Islam".

Can any more horrors be visited upon the people of Algeria? As usual, the holy month of Ramadan has produced a new bloodbath in the villages and towns around the capital. The latest campaign of throat-cutting and car bombs has slaughtered as many innocents as the OAS (Secret Army Organisation) of disaffected "pieds noirs" killed in the last days of French rule in 1962.

In the villages of Beni Slie-

Islamists are now dragging people from their homes and cutting off their heads, writes Robert Fisk

man, 57 civilians have been murdered — 49 of them worshippers in the mosque of Sidi Abdelaziz, backed to death by 50 armed men who entered the building during evening prayers last Friday.

At Bouchraïl, five more were beheaded. Another 10 — the figure may be much higher — died on Wednesday evening when a car bomb exploded in a shopping area of Boufarik, wounding another 30, just after the ending of the Ramadan fast when residents emerged from their homes to buy food.

Even Iran and the Lebanese Hizbollah, who routinely refer to their "brothers" fighting the forces of the Algerian government, have been shocked by the latest atrocities. Who controls the GIA? Who stands to gain from the savagery now perpe-

trated daily in Algeria? The government, incredibly, has remained silent, to the fury of those privately-owned newspapers which dare to criticise the regime. The Islamic Armed Group, the military wing of the Islamic Salvation Front (FIS) — the cancellation of whose certain win at 1992 elections provoked the civil war — claim that the authorities have infiltrated the GIA and have encouraged the carnage in order to discredit the opposition. The government blames "fundamentalist terrorism".

For ordinary Algerians and particularly those millions who live around Algiers itself (for Oran and other areas have been relatively free of such barbarism) daily life is one of continuous terror.

At least 23 civilians were killed — some estimates say 42 — in a booby-trapped car which exploded in the working-class Belcourt neighbourhood of Algiers. Ten more died when a bomb exploded next to a bus on the heights above the city, close to the monument commemorating the million Algerians who were killed in the 1954-62 war of independence against



Pointless slaughter: Algerians covering the body of one of the victims of a car bombing in the centre of Algiers in which at least 20 were killed and 60 wounded. Tens of thousands have been killed in the civil war between the government and fundamentalists

Photograph: AP

France. No more symbolic site could have been selected by the bombers.

Yet only two weeks ago, government ministers were yet again claiming they were con-

fronting only "residual terrorism". In a rare act of courage, the daily *Le Matin* accused the authorities of "the offence of silence". The government, it said, "should speak to the peo-

ple now, at this moment of mourning... to reassure them, to share in their agony." *Libération* asked how the bombings could take place after the security forces had announced so

many "victories" against their armed opponents. "Where are all these bombs coming from? How can they be made with such ease? Who are the masterminds?"

The Algerian Prime Minister stated two months ago that 80,000 Algerians had died in the war. The FIS claims the figure is 120,000. The government, however, remains silent.

Patten ridicules Hong Kong turncoats

Stephen Vines
Hong Kong

Hong Kong's Governor, Chris Patten, has decided to get personal — really personal — when attacking those who have abandoned what he regards as their previous principles and joined Chinese-appointed bodies.

Having previously tried gentle persuasion, punctuated by occasional eruptions of anger, Mr Patten now appears to have opted for a strategy of all-out attack in the dying days of his governorship.

Transforming the normally staid and rarely humorous chamber of the colony's Legislative Council into an approximation of the House of Commons on one of the roughest days at the dispatch box, Mr Patten yesterday picked off the former members of the Governor's cabinet and others who are now supporting China's plans to change civil rights legislation, primarily the Bill of Rights.

Digging into the archives, he quoted from speeches they had made in their previous capacities supporting the Bill of Rights and warning of attacks on civil liberties. He quoted Maria Tam, a former cabinet member, now a stalwart of the new order, as saying in 1991 that she believed the Bill of Rights to be "a proper arrangement in safeguarding the rights of those who live in this territory now and in the years to come".

And Paul Cheng, a leading business representative who has taken to mounting personal attacks on the Governor, looked sheepish as Mr Patten dragged out a speech he made in 1990 describing the Bill as

strengthening "the foundations of the existing legal system by giving due recognition to the civil and political rights of our citizenry".

Yesterday's performance by Mr Patten represented his most public demonstration of anger against leading members of Hong Kong's elite whom he believes have done nothing to protect the colony's civil liberties. "These are the people," said one of his officials, "who have gone from a garden party at Buckingham Palace to a banquet at the Great Hall of the People [in Peking] without dropping into Damascus to announce their conversion".

The Governor even turned on Andrew Wong, the President of the Legislative Council, who was sitting next to him, and will tomorrow attempt to secure the presidency of the rival, Chinese-appointed, provisional legislature when it holds its first meeting across the border in Shenzhen. Mr Patten dismissively described this body as the "Shenzhen debating society".

Asked how he felt about sitting next to Mr Wong, he said, "I am a man of legendary charity", adding: "Everybody has to justify their actions, everybody has to be at ease with their conscience". Listening, the hard-smoking and hard-drinking Mr Wong cheerfully declared that he too was a man of legendary charity.

Mr Patten said that the rival body would create a "terrible legal muddle" and warned that the incoming government would spend its early days fighting legal battles to sort out the chaos created by having to cope with laws enacted by a provisional body while the legally

constituted legislature was still in being.

Although Mr Patten had even his enemies laughing as he deployed his sharpest irony to put them down, there was no mistaking the feeling that he was also burning all bridges in a final attempt to prevent China from turning the clock back on a number of democratic and civil rights reforms.

Kerry McGlynn, the Governor's spokesman, denied that he was becoming too personal. "He's trying to make the point that there's something the people of Hong Kong can do. He's trying to put the heat on members of the Preparatory Committee [which is advising China on law changes] to get this reversed," explained Mr McGlynn.

Communications between the Governor and Chinese officials have broken down. His most senior civil servants are anxious about their future under the new regime and spending more time listening to Tung Chee-hwa, the new head of government.

They know that close association with Mr Patten will not be considered as a path to career advancement.



Handover countdown: A woman in Hong Kong setting out 1997 souvenirs, including the new deep pink HK Special Administrative Region flag

Photograph: AFP

Peking replies with its own barrage of scorn

Teresa Poole
Peking

It is no surprise that China is blaming Chris Patten for Britain's protest this week about Peking's proposed amendments to Hong Kong's laws. "This was an angry act by Chris Patten who was ashamed that his long-time confrontation with China had been unfruitful," said Zheng Jusheng, deputy director of Xinhua News Agency in Hong Kong, China's *de facto* diplomatic representation in the colony.

But while Mr Patten will remain China's most-despised adversary in Hong Kong, Peking's strategy these days is primarily one of scorn. Gone are the days when the mainland newspapers weekly vilified the Hong Kong Governor as "a man of guilt for 1,000 generations", "the whore", "the serpent", "the tango dancer", and some-

one who should be consigned to "the dustbin of history".

The colourful invective is no more. These days the Chinese propaganda machine prefers to dismiss Mr Patten as a man who failed in his attempt to oust China — when, that is, they bother to mention him at all. This week, in response to Mr Patten's attack on China's moves to dilute the Bill of Rights as "legal nonsense", the foreign ministry spokesman, Shen Guofang, merely shrugged off the governor's "so-called statement". It is lame stuff, by comparison with what came before.

From now on, anything which China does in Hong Kong will be presented as righting the wrongs of the Patten administration. Mr Shen yesterday said China's plan to amend or repeal the 25 laws and ordinances was merely reversing unilateral changes made by Mr Patten and Britain. "It is fair and reasonable," Mr Shen insisted.

similarly given short shrift now by China, which maintains that the departing colonial power has no right to interfere in internal Chinese affairs.

"We cannot accept the British protest, it is also totally unreasonable and the so-called protest is unwise," Mr Shen said yesterday, after Wednesday's summons by the Foreign Office to China's ambassador in London to lodge Britain's "serious concern". "The British side is always forcing its will upon others and this will not work," said Mr Shen.

From now on, anything which China does in Hong Kong will be presented as righting the wrongs of the Patten administration. Mr Shen yesterday said China's plan to amend or repeal the 25 laws and ordinances was merely reversing unilateral changes made by Mr Patten and Britain. "It is fair and reasonable," Mr Shen insisted.

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international



Life line: Rwandan and Burundian refugees unloading food at Shabunda camp in eastern Zaire where 35,000 people have been living since fighting erupted in December. Photograph: AFP

Praying for a miracle in Zaire

Mary Braid
Kinshasa

When Zaire's president, General Mobutu Sese Seko, returned to his crumbling, war-torn country last month thousands thronged to Kinshasa airport to greet him. Tens of thousands more lined the broken and pitted 12-mile road into the capital and crammed Kinshasa's main street.

This "spontaneous" outburst of affection from one of the poorest nations in the world surely even brought a tear to the eye of a corrupt old dictator, back on home soil after four months treatment in the south of France for prostate cancer.

When Mr Mobutu left Kinshasa to return to France for more treatment two weeks later he sneaked to the airport by side roads. There was no high-

event staging; no special transport to deliver waving crowds to the roadsides and no laminated gold name cards for the army of foreign journalists who flew in for the president's return and were astonished by the uncharacteristic organisational skills of a regime which has grown rich and fat while presiding over the slow death of Zaire.

People who spotted Mr Mobutu's entourage on its way to the airport booed the president; a brave few, legend now has it, even threw stones. This week, Kengo wa Dondo, the Prime Minister appointed during Mr Mobutu's short visit home, issued a rallying call to all Zaireans to support a major military offensive to retake eastern Zaire from the rebels who swept through the region three months ago.

Patriotic demonstrations

paralysed the capital when the Rwandan-backed rebellion in eastern Zaire began. This week, as mercenaries from France, South Africa and Angola assembled 800 miles east in Kisangani to replace the unpaid and thuggish Zairean troops who retreated from the enemy, the nationalist appeal met an eerie silence in the capital.

Satellite has defeated the state propaganda machine. In television interviews, Laurent Kabila - the rebel leader condemned as a traitor by the government - has convinced many Zaireans that his rebellion is home-grown, and not merely the creation of Rwanda. He is now a potential saviour, a close second to Etienne Tshisekedi, the main opposition leader.

The city is alive with rumours that Mr Kabila was in Kinshasa on Christmas Day.

When he launched his insurrection, he promised Zaire he would reach Kinshasa by then. Zaireans ignore the near impossibility of such a feat: 800 miles of roadless jungle separates the capital from the conflict. But the desperate must be allowed to believe in miracles.

"I would support Kabila if he came to Kinshasa," says January, 34, born two years after Mr Mobutu took power. In his lifetime, Zaire's economy has collapsed and its infrastructure disappeared. The old colonial roads peter out into jungle just outside the city.

January has never had a job. His two young children are in hospital. In a country where inflation is more than 4,000 per cent, barter is the mainstay of the economy. At a hospital pawn shop, full of domestic appliances, January has just hand-

ed over a suitcase - one of his few possessions - to meet his children's medical bills.

He lays his misery right at Mr Mobutu's door. "When he was back he promised much and changed nothing," he said. The President raised hopes when he returned by saying he was listening to the nation and would respond positively to their demands. Kinshasa celebrated, sure that Mr Mobutu meant he would reinstate Mr Tshisekedi as prime minister. "Instead he made sure Mr Kengo, his puppet, was appointed," said January. "We just want change from anyone who can give it."

Like almost everyone in Kinshasa January is involved in a new defence campaign: refusing to use new bank notes issued last week because they weaken an already worthless currency. Mr Mobutu had the good sense

to head back to his French villa before the notes were released. In the last few months, the zaire (the national currency) has halved in value from 80,000 to the dollar to 160,000.

"They are happy to issue the new bills though it means more misery for us," says Lady Matshaba, 25, a baker. The new notes - nicknamed the prostate - are shunned all over town and those who ignore the popular protest are beaten by other citizens in the street. "We call it the prostate," said a local teacher, "because cancer kills and this money may kill us."

Kinshasa (Reuters) - The government said yesterday that the army had launched its promised counter-offensive in the east and recaptured the town of Walikale. A defence ministry statement said that 100 rebels had been killed.

UN leader turns the page on American animosity

David Usborne
Washington

With gentle humour and economy of speech as his most potent weapons, the new Secretary General of the United Nations, Kofi Annan, was in Washington yesterday on his first, and arguably his most urgent, mission beyond headquarters: to regain for the UN the affection - and the dollars - of the United States.

In serial meetings over three days, which included talks yesterday with President Bill Clinton, Mr Annan sought to begin turning the page on UN-US relations. "This is a time for healing," he said on his arrival. "I want to put behind us our differences and our sometimes acrimonious disagreements."

At the White House, Mr Annan vowed again to launch a serious programme of UN reform by the summer, while Mr Clinton laid out his own plans to settle most of the outstanding American debt to the UN of more than \$1bn (£600,000) by 1999. It was an exchange of promises, however, that may be harder for either side to honour than anyone was willing yesterday to admit.

Mr Annan comes here with one overriding advantage: his name is not Boutros Boutros Ghali. Indeed, it was the Clinton administration that propelled him to the mountain-top by blocking Mr Boutros Ghali's re-election as Secretary General, claiming he had been too reluctant to attempt serious UN reform.

"Some have suggested that this visit will be my American honeymoon," Mr Annan quipped during the flight from New York. "Others say I am walking into the lion's den."

That there has already been a change in atmosphere, at least, is evident. At a reception hosted on Wednesday night by Vice President Al Gore, Mr Annan joked easily about the conspiracy claims circulated by the UN's shrillest critics - that it is bent on world domination.

"You can tell your people that we don't have any black helicopters and we are not about to invade," he said. Mr Annan's spokesman, Fred Eckhard said: "The vibrations are very good".

Among the UN aides also on the Washington visit is Maurice Strong, a Canadian businessman appointed by Mr Annan last weekend to head-up a reform task force. Mr Strong, who is receiving \$1 in salary for his efforts, is charged with coming up with a broad reform package within six months.

It remains uncertain, however, whether anything Mr Strong proposes will be strong enough medicine to impress the UN's many detractors on Capitol Hill. Among the most important of these is Jesse Helms, the sceptical chairman of the Senate Foreign Relations Committee with whom Mr Annan also had a first meeting yesterday.

Mr Strong has already warned that any reforms - which are likely to affect not just the UN Secretariat but also all of its specialised agencies and funds around the world - will have to win the support not just of the US but of all the UN membership, including countries in the developing world.

That means that not everything the US wants is going to come out the way they want it," he said in Washington.

Winning over Congress is vital, however, because without its support, President Clinton's repayment plan will turn to dust and the financial crisis that the UN has been struggling through for years will worsen. In the draft 1998 budget that will go before Congress shortly, Mr Clinton is asking that \$100m in US dues be paid off in October this year while an additional \$900m would be dispersed later, probably in 1999, on condition that reforms had been executed.

"We will do our part," Mr Gore told Mr Annan at Wednesday's reception. "We respect you for the person you are and the leader you have become".

Army thinkers draw line between peace and war

British strategists find new ground between peace-keeping and war, reports Christopher Bellamy

British military thinkers believe they have solved one of the most difficult problems for strategists, as they shift from a 200-year-old preoccupation with wars between states to trying to stop other people's wars, primarily internal ones.

Is there a difference between "peace enforcement" - limited strikes on recalcitrant warring factions, such as those against the Bosnian Serbs in autumn 1995 - and limited war, as it was waged in the Gulf or the Falklands? If so, what is it?

There is, they said this week. And the key, they say, is impartiality. Their conclusions were announced at a three-day conference on international peace-keeping held in the Indian Army Room at Sandhurst and were given in a talk by Lieutenant-General Mike Jackson, the former commander of the British-led, south-western sector in Bosnia. He is now commander of Nato's Rapid Reaction Corps.

Traditionally, the British have not been good at "doctrine". But, starting with the publication in 1994 of the provisional British doctrine for "Wider Peacekeeping", they have found themselves in the forefront of the debate. The Indian Army Room was an oddly appropriate setting - all that imperial policing made the British experts in dealing with "complex emergencies", such as Bosnia, Rwanda and Somalia.

"Wider Peacekeeping" set out a model in which traditional peace-keeping - policing an agreement between two former warring sides - and "wider peacekeeping" - maintaining peace and assisting humanitarian aid in a volatile environment - were separated from more warlike military operations by the line of consent.

The warring parties broadly consented to the peace-keepers being there, and even if there were shoot-outs with unruly members of the warring factions, as in Bosnia, that did not violate the overall consent.

Crossing the consent line, what Gen Sir Michael Rose called the "Mogadishu line" after the US switch to more warlike operations in Somalia in

October 1993, was akin to crossing the Rubicon. Once a peace-keeping force shattered the consent which was the authority for its presence, there might be no way back. On the other side lay peace enforcement and war. Nobody had addressed the issue of whether there was a real difference between them.

In August 1995 the Western powers crossed the Rubicon in Bosnia with air and artillery strikes against the Serbs. It was recognised they had crossed over in "peace enforcement", but nobody was clear how that differed from limited war.

"The key doctrinal issue is whether and if so in what way peace enforcement differs from war", Gen Jackson said. Gen Jackson produced a diagram with two lines, one dividing peace-keeping from peace enforcement, as before, and one dividing peace enforcement from war. The latter was labelled "impartiality". If consent was the Mogadishu line, impartiality

can perhaps be seen as the "line in the sand" that led to the 1991 Gulf War against Iraq.

"The idea was that peace enforcement and war were more or less the same thing. That once you crossed the Mogadishu line you were at war," he said. The reluctance to switch to more aggressive measures against the Bosnian Serbs sprang in part from a conviction that once you crossed the Mogadishu line you might find yourself at war. Had the existence of a second barrier been recognised, the UN and Nato might have crossed the Mogadishu line and hit the Serbs sooner.

Both peace-keeping and peace enforcement come under the heading of "peace support operations". These, Gen Jackson explained, "are designed to conclude conflict by conciliation among the competing parties, by helping to overcome the underlying causes of conflict rather than a superficial termination of the conflict by force. Thus, a more stable settlement,

not military victory, is the ultimate measure of success and the use of military force will be constrained by the long-term requirements of peace building".

The main difference between peace enforcement and war was impartiality. In peace enforcement, it was directed against anyone who violated agreements. The key difference from war was there was no designated "enemy". Peace enforcement is defined as "coercive operations carried out to restore peace in a situation of chaos or between belligerent parties who may not all consent to intervention."

If there is little inclination by the parties to agree to peace-making, a readiness to fight and escalate might be appropriate. If such a doctrine had existed in 1992, it is possible the UN would have gone into Bosnia and Somalia on that basis and not as "peace-keepers".

"We went through a real Alice in Wonderland world where we had peace-keepers keeping a non-existent peace, safe areas that weren't safe", Gen Jackson said. With a second boundary established in the uncharted area beyond the consent line, that may not happen again.



British UN forces in Sarajevo. The shift from major wars between states to limited internal conflicts is forcing the army to rethink its doctrine. Photograph: Reuters

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صكتان الامل

N leader is the page American animosity

"You can tell your people that we don't have any black ink on our hands," he said. "We are not about to invade." The vibrations are on the air.

Among the UN aides about the Washington visit is Maurice Strong, a Canadian businessman appointed by Mr. Clinton last week to head up a task force. Mr. Clinton is expected to meet with Mr. Strong on Tuesday. Mr. Clinton is expected to meet with Mr. Strong on Tuesday.

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Draw line and war

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Clinton acts to end campaign funds scandal

Rupert Cornwell
Washington

In the wake of the most expensive elections in history, months of revelations about seamy Democratic fundraising, and now the humiliation of a Republican Speaker over his financial dealings, a new effort is under way to achieve genuine campaign finance reform.

The first step has come from the President, within barely 24 hours of his inauguration for a second term and at almost the same moment that a mortified Congress voted to reprimand Newt Gingrich and fine him \$300,000 (£180,000) for lying over his allegedly improper use of tax-exempt money.

Still smarting from the furore over the millions of dollars which flowed into his own Democratic Party's coffers from dubious sources last year, Mr. Clinton announced a ban on contributions from foreign citizens and corporations, including their US subsidiaries, a \$100,000 cap on individual donations and close scrutiny of all contributions over \$5,000.

Thus the party hopes to avoid repeats of such 1996 embarrassments as Vice-President Al Gore's participation at a \$5,000-a-monk fundraiser at a Buddhist temple in Los Angeles, the \$1.5m gratefully accepted by the Democratic National Committee from questionable Indonesian and other Asian sources (only to be shamefacedly returned) and red carpet White

House treatment for major benefactors, a couple of whom at least, it later transpired, faced criminal charges.

The embarrassment did not end with election victory: although Janet Reno, the Attorney General, has resisted demands to appoint yet another independent counsel to explore possible White House wrongdoing, Republicans have lined up a battery of Congressional hearings into allegations of corruption. Thus "Indo-gate" bodes fair to join Whitewater, the perfunctory FBI personnel files and the White House travel office firings among real or imagined Clinton scandals.

But the presidential bid to reclaim the high ground on the issue may prove as cosmetic, and as futile as every other recent attempt to break the addict-like dependency of American politics on money.

It may be true, as Roy Romer, the Colorado Governor and new general chairman of the Democratic party, maintains, that the new rules would have cost the DNC \$6.5m had they been in effect last year. But that is a drop in the bucket of the \$1.6bn (£1bn) spent on the 1996 presidential and congressional elections.

Another problem is "soft money," the contributions theoretically destined for party organisations which are then channelled into individual campaigns. They generated about \$100m for Republicans and Democrats alike in the last

campaign. On Tuesday Mr. Clinton urged the elimination of "soft money". But Republicans say they will only agree if their opponents forgo the financial help they receive from trade unions, which the Democrats are unlikely to accept.

A bill sponsored by Republican Senator John McCain and his Democratic colleague Russ Feingold of Wisconsin suggests that candidates accept "voluntary" ceilings on campaign spending, with sanctions if they exceed the limit. However, a recent Supreme Court ruling broadly upholds the view that curbs on campaign spending infringe the free speech rights of the First Amendment of the US constitution.



Kissing terms: Madeleine Albright is greeted by the US vice-president, Al Gore, while President Bill Clinton looks on after Ms Albright was sworn in as Secretary of State. Her first official duty was to meet the UN Secretary General, Kofi Annan. Photograph: Rick T. Wilking/Reuters

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significant shorts

US considers more cuts in nuclear arms

The US said it was studying more big cuts in nuclear warheads under a possible Start-3 treaty with Russia as part of its quadrennial defence review of security policy. The Pentagon declined to confirm or deny a *Washington Post* report that warheads could be cut by 1,000-1,500 on either side. But officials said Russia's lower house of parliament, the Duma, must ratify the pending Start-2 treaty to cut warheads on each side to 3,500 before Start-3 could be settled. *Reuter - Washington*

Bardot cleared of race charge

A Paris court cleared Brigitte Bardot of inciting racial hatred by saying the country was being invaded by sheep-slaughtering Muslims. *Reuter - Paris*

Capital gain for war hero

The Chechen President, Zelimkhan Yandarbiyev, signed an order rewarding the regional capital Grozny in honour of the separatist leader Dzhokhar Dudayev. It will now be known as Dzhokhar-Ghala (City of Dzhokhar). Dudayev was killed by a Russian rocket attack in April last year. *Reuter - Grozny*

Seoul vows to ease labour law

The OECD said South Korea expressed willingness to revise a law that sparked violence and soured relations with the club of industrialised nations. The law "does not fully meet the Korean government's commitments on... collective bargaining," the OECD said after meeting South Korean officials. OECD objections centred on curbs put on unions under the law. *AP - Paris*

Swiss move on Nazi gold

The Swiss government and banks agreed to set up a Holocaust memorial fund as a gesture of goodwill towards world Jewish groups critical of Switzerland's wartime financial role. *Reuter - Zurich*

Canada snubs Washington over Cuba visit

In the biggest snub by an ally yet to Washington's policy of isolating and persecuting the Castro regime, Canada sent Lloyd Axworthy, its Foreign Minister, to Cuba and signed a pact with Havana seeking, among other things, to protect foreign investors who fall foul of a US law punishing them for doing business with the regime. *Rupert Cornwell - Washington*

Last trial of collaborators

The French Supreme Court ordered Maurice Papon, 86, to stand trial for sending 1,560 Jews to Nazi death camps in 1942-44. The trial, after a 15-year legal marathon, will probably be France's last chance to put wartime Nazi collaboration in the dock. *Reuter - Paris*

Amnesty slates UN on Rwanda

Amnesty International accused the UNHCR of betraying its principles by encouraging the expulsion of thousands of refugees in central Africa. Mass returns of Hutu refugees to Rwanda and Burundi would not end the crisis and could be followed by fresh explosions of ethnic hatred that would lead to another exodus. *Reuter - Geneva*

Taliban on the offensive

The Afghan Muslim Taliban militia captured three key towns and part of the Salang Pass. They seized Jabal-us-Siraj, Gulbahar and Ghorb and pushed to within 13 miles of the tunnel that leads into northern provinces held by the Uzbek general Abdul Rashid Dostum. *Salang Pass - Reuter*

MPs cheesed off with Macs

Israel's MPs want McDonald's to hold the cheese - at least in television adverts. The Knesset education committee demanded that a television station refrain showing ads for cheeseburgers, which violate Jewish religious laws barring the mixing of milk and meat. *AP - Jerusalem*

international

Rifkind set to explain EU to the ordinary European

Tony Barber
Europe Editor

In an effort to reassert Britain's influence in the European Union, the Foreign Secretary, Malcolm Rifkind, is planning a series of speeches in continental capitals to defend the Government's resistance to closer European integration. His intention is to make a direct appeal to European public opinion and bypass ministers and other politicians in EU countries who believe in greater European unity.

"We need to see a real debate joined among and between the peoples of Europe," he told the French Chamber of Commerce in London yesterday. "For too long the debate has been conducted between politicians with occasional contributions from academics, diplomats and journalists. Today the negotiations are about... jobs, trade, our environment and our quality of

life. Because these issues affect everyone, their resolution cannot just be left to the political class to debate."

His speeches in Stockholm, Paris, Bonn and other capitals will aim to sway opinion to the Government view that the EU should keep supranational measures of integration to a minimum. He believes tens of millions of ordinary Europeans are no more keen than the Government to see the end of the nation-state, but that their views are not properly reflected in their leaders' policies.

Mr Rifkind's planned oratorical excursion around Europe seems a much more explicit attempt to influence opinion than the New Year's Message which got the German Foreign Minister, Klaus Kinkel, into such hot water in Britain. He expressed the somewhat innocent hope that Britain would not turn its back on Europe in the coming election, and was surprised to

find himself being roundly denounced for interfering in Britain's internal affairs.

However, should Mr Rifkind come under continental criticism during his speech campaign, he could refer to the argument used by the German Foreign Minister to defend Mr Kinkel. In essence, this was that the concept of "interference" in another country's affairs has become increasingly meaningless as the European Union's member-states have drawn closer together.

Mr Rifkind's central message is that Britain's history gives it a special attachment to the nation-state, but that there remains a bedrock of common values binding the country with its European neighbours. At the same time, he contends that other EU governments are jumping ahead of public opinion in their own countries by trying to force through a programme of far-reaching integration.

It is an argument Britain's negotiating partners have become accustomed to hearing at sessions of the EU's 10-month-old Inter-Governmental Conference (IGC) on revising the Maastricht treaty. Some point out that the British case, though persuasive in many respects, has tended to translate in practice into a negative, obstructive stance at the IGC.

"It is the substance and the details that matter," one diplomat said, "and on much of the substance and many of the details of IGC reform, Britain has been alone or in a minority."

Only last Wednesday, Mr Rifkind reaffirmed that the Government opposed the idea that some EU members could use EU institutions to develop closer integration among themselves without the approval of other states. The Government is also reluctant to extend the use of qualified majority voting in the EU, even though some

extension will be essential if, as Britain wishes, the EU is to enlarge and take in the new democracies of Central and Eastern Europe.

Mr Rifkind said yesterday that "we want our modern vision of Europe to be understood for what it is - the way of sustaining the European ideal for the long term". But he is launching his campaign at a time when many pro-Europeans in Britain argue that the Government has managed to reduce British influence in the EU to a historic low.

As Sir Michael Butler, Labour's EU envoy and a veteran negotiator in Europe, put it on Wednesday in the *Independent*: "We have... taken an ideological and negative line in the IGC designed to prepare for enlargement. The consequence of this appalling, out-of-control Euro-scepticism has been to reduce our influence to the lowest point ever."

Cardiff wins race to host summit

Katherine Butler
Brussels

Cardiff has seen off a rival bid by Glasgow to emerge as host city for the European heads-of-government summit marking Britain's EU presidency in June 1998. The official announcement is not expected before the end of the month but Welsh politicians and the city's hoteliers are already celebrating.

Attracting thousands of journalists and television crews, the summit should provide Wales with a unique opportunity to showcase what its public representatives call "Europe's youngest capital". Labour MEP Wayne David, whose south Wales constituency covers the city and who, with Wales's four other MEPs has been canvassing for months for Cardiff, welcomed the coup.

"This will provide a huge boost for the city... The summit will effectively put Wales on the European map and allow Cardiff to promote itself as a true European city."

Six thousand delegates and



'Golden couple': Neil and Glenys Kinnock, whose arrival in Brussels is seen as a boost there for the Welsh presence

journalists are expected to attend the summit. But Cardiff is also seen as a shrewd political choice which might boost the Conservative vote in what is a traditional Labour stronghold. Edinburgh was the venue for the last EU summit in Britain in 1992, so supporters have been lobbying on the basis that it is now "Wales's turn". Cardiff's bid certainly benefited from the Welsh influence in Brussels, where a strong regional identity has begun to emerge.

The "Taffia" could eventually become as effective as the "Murphie", the influential Irish lobby in Europe, on which Welsh political and business leaders increasingly model themselves. Wales is well placed to take advantage of the EU's emphasis on protecting minority languages and cultures, and many Welsh nationalists see efforts to promote a "Europe of the regions" as an opportunity to challenge the centralists in London.

Devolutionists in both Wales and Scotland are increasingly taking what they call the "Westminster by-pass" to set up their own missions in Brussels.

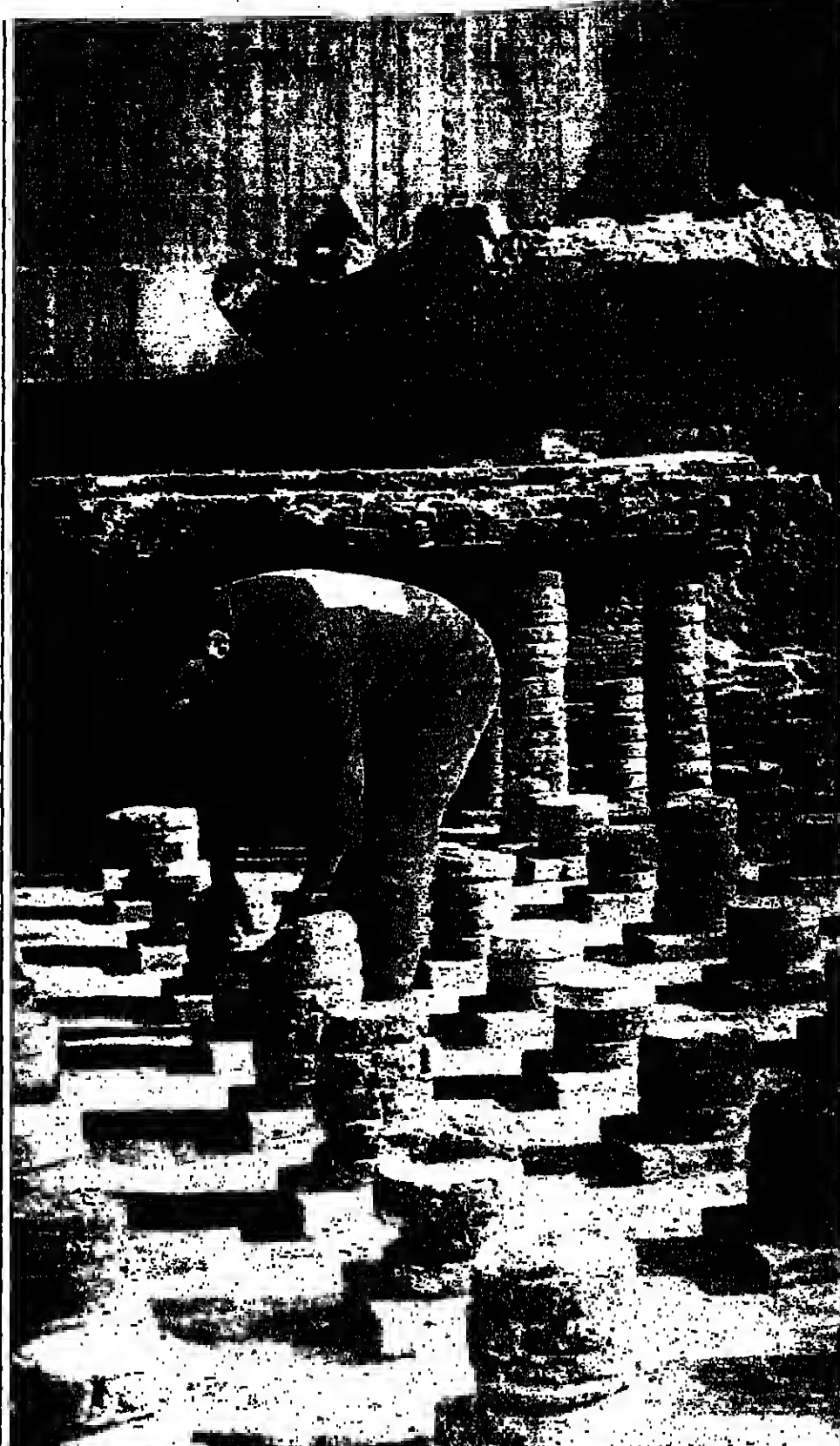
The Wales European Centre in Brussels groups bodies such as the Welsh Development Authority, local authorities, universities and the Welsh Tourist Board in an unofficial Welsh "embassy" helping the nation to "punch above its weight" in Europe.

Activity has intensified since the Euro-sceptic former secretary of state for Wales John Redwood was replaced by the more pro-European William Hague, and the centre now rivals Scotland Europa, which lobbies on behalf of local government, business and industry north of the border.

Three Welsh members also sit on the EU's Committee of the Regions, set up under the Maastricht Treaty as a forum where regions like Scotland, Wales and the German *Länder* can be consulted directly. Taffia-watchers date the real boost in the Welsh EU presence, how-

ever, from the arrival in Brussels of Neil Kinnock.

Since his appointment to one of Britain's two seats at the European Commission table in 1995, the former Labour leader has raised the profile and awareness in European circles of Wales as a separate entity within the UK. Mr Kinnock's wife, Glenys, is a high-profile member of the European Parliament and the pair have emerged as Brussels's "golden couple". BBC Wales has its own full-time correspondent based in Brussels, a move which has helped to highlight specifically "regional" concerns and linkages. The appointment, yet to be matched by Scotland, illustrates the country's growing self-confidence in Europe.



Soaked in history: Workers yesterday putting the finishing touches to Roman baths which have been excavated and restored in the centre of Beirut. Photograph: Reuters

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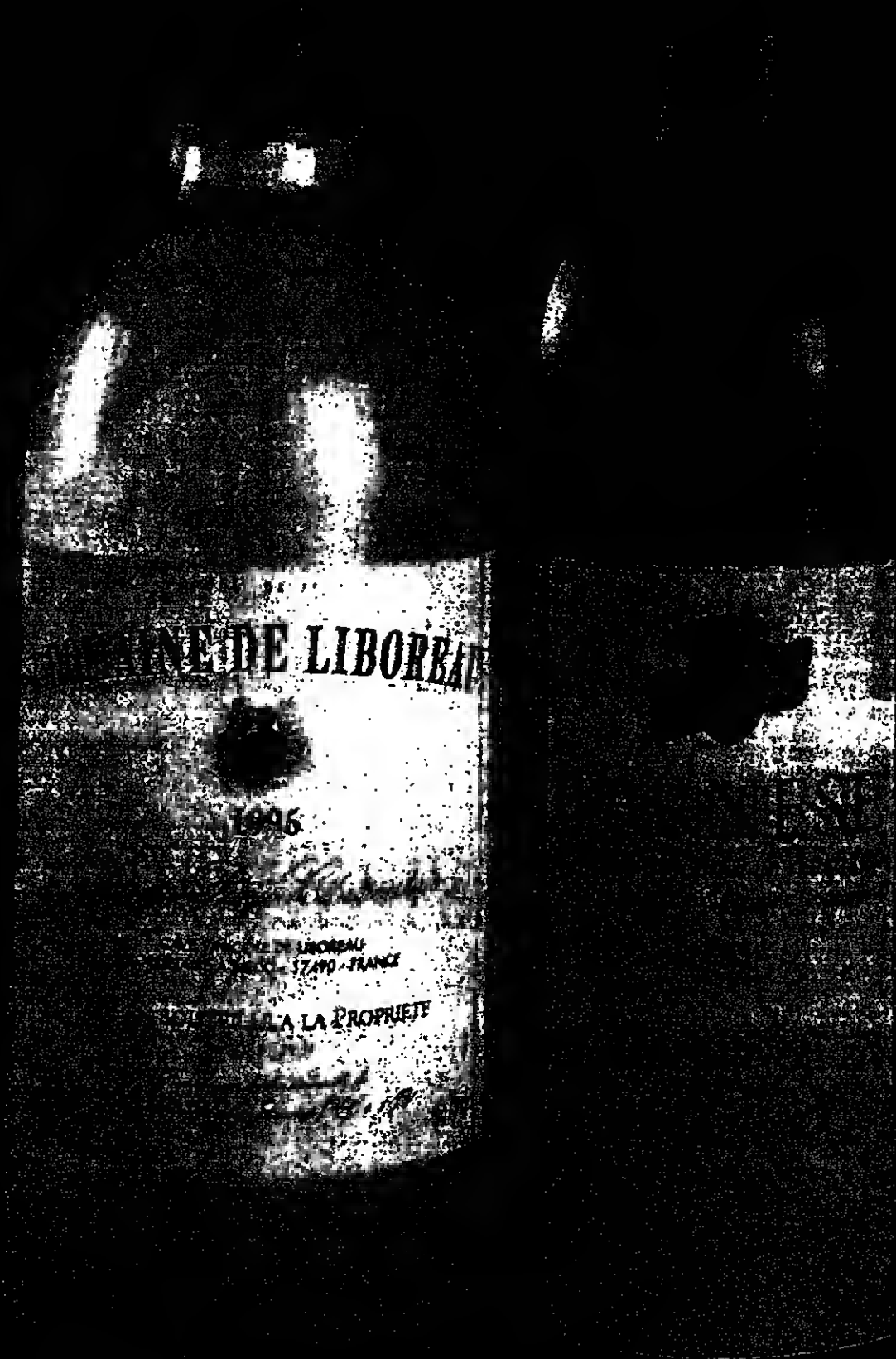
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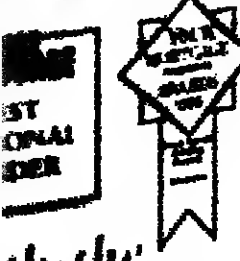
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Tony Byworth

Wally Whyton, broadcaster and singer: born London 23 September 1929; married (one son, two daughters); died 22 January 1997.

enough to record it himself. Forming Dawn with the top session singers Joyce Vincent and Telma Hopkins. Their single of "Candida" was an international million-seller, and was their recording of Levin and L. Russell Brown's "Knock Three Times", which remained in the American charts for 10 weeks (1970-71), staying a Number One for three weeks. Levin and Brown provided the Partridge Family with the Top Ten hit "I Woke Up in Love This Morning" (1971), but their greatest-ever triumph was "Ole Yellow Ribbon Round the Oak Tree" two years later. It earned Tony Orlando and Dawn a No 1 gold record, and was recorded by hundreds of other artists. That same year the Levine-Brown-Dawn team had another gold record with "Say, Has Anybody Seen My Sweet Gypsy Rose?", of which there were countless cover versions. On his television show *Dear John*, Levin exploited his drunken image by singing "Hey, come everybody see my real tipsy nose?"

In 1974 Levine and Brown's "Steppin' Out (Gonna Boogie Tonight)" was a Top Ten release for Orlando-Dawn. Although Levine's magic touch lasted only a decade, "Yellow Ribbon" according to the *Guinness Book of Records*, is next to the Beatles' "Yesterday" the most recorded popular song in history.

Dick Vosburg

Irwin Jesse Levine, lyricist: born Newark, New Jersey 1938; married (one son, two daughters); died Livingston, New Jersey 21 January 1997.

series on South African artists, and she was also writing her first feature film script and preparing a feature-length documentary about a boy who travels the world in search of different dance steps. In the days before she died she was also preparing a new *Opening Shot* as well as writing a pamphlet to help others cope with the rigours of a home-marrow transplant.

She fought cancer without complaining and was known for her teasing humour, fashion sense and her strong personality. In her short life she had achieved much creatively and was on the cusp of coming into her own professionally and personally. To all who came into contact with her she leaves a beautiful, lasting impression.

drug test r

Philip Engelman, Jacques Alagay and Joanne Briggs (Teacher Stern Selby) for the plaintiffs.

Lord Woolf MR said that the argument that rule 53 contravened article 7 of the Convention misunderstood the nature of the rule 53 procedure. The initial determination was made by the independent laboratory which conducted the testing. Where there had been a positive finding, the review board became involved and there was an appeal to the appeal committee.

The appeal committee's powers on quick reading might suggest it was making a first instance decision, because subpara (g)(4) referred to it making "rulings and decisions on the player's guilt or innocence" and "the burden of proof shall be on the player to prove his innocence by a preponderance of evidence". But it was apparent on reading the rule as a whole that in the absence of

Philip Engelman, Jacques Aigay and Joanne Ruffs (Teacher Stern Selby): *For the plaintiffs.*

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Michele Simone Fox, dancer and filmmaker: born Johannesburg 19 August 1966; died London 9 December 1996

صبرنا من الامل

A Fifties salute from a man who never saluted



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By joining the cadets, young people can be "led away from the many temptations that there are in the modern world". Tell us more! The only thing wrong with Michael Portillo's brilliant ham performance on the *Today* programme yesterday was that it was too short. What temptations? How does he know? Would we like them? He played the part of a Fifties-style Tory party leader with word-perfect care, although its very carefulness made it unconvincing. "If there are any duties that are central to the Government, they concern support for the monarchy and support for the great institutions like the armed forces, for which I am responsible," he said.

In the Cabinet, Mr Portillo has, it seems, sold plans to buy a new royal boat with taxpayers' money and to put pink schoolboys in uniform as voting-winning devices to wrongfoot Tony Blair's Bolshevik Labour Front. But his real intention was transparent: to win Tory leadership votes from the party's patriotic-authoritarian wing and to wrongfoot John Redwood.

These are clever plays designed to work at two levels. Both fit with the Prime Minister's vision - such as it is - of returning Britain to a better-behaved and more reassuring past.

Cadets "help young people towards the good values of life, towards self-esteem, self-discipline, team work, respect for others", said Mr Portillo.

"Responsibility, self-reliance, resourcefulness and endurance," said John Major in the Commons later. No doubt this has been sold in focus groups of older floating voters as just the thing for "Bring Back National Service" types. The suspicion remains that the plan is more likely to reinforce the once-hardcore, now wavering, Tory vote, and hence is more likely to be aimed at the Conservative Party membership (average age 62) than the wider general electorate.

Young people themselves are unlikely to be impressed: environmental and community activities are likelier to appeal to the worldly-wise teenagers of today. But perhaps young people are not what they were - too uncomfortably questioning, too vaguely idealistic. Mr Major remembers when they were made of better stuff, and is, it seems, determined to go to the country with his backward-looking vision of a Britain of warm beer, cricket and a grammar school in every town. A Britain of 1952, the year after the Festival of Britain when the original *Briannia* was commissioned. When the Cabinet meets on Monday to discuss the Tory manifesto, we fear there will be a rash of new spending promises. A promise to pay for 62,000 hicycles for the police force. To buy 6,000 blackboards, four tonnes of chalk (none of it coloured) and 100,000 mortar-boards. To bring back

police boxes and red telephone boxes. Mr Portillo yesterday mined this narrow but rich seam of Enid Blyton nostalgia. His pastiche of a Tory grandee of the pre-Suez, pre-jumbo-jet era was magnificent, but it was not real politics. It was an attempt to broaden his base in the party beyond the Thatcherite neo-liberals. "We understand in the Conservative Party both the monarchy and capitalism," he said. Private sponsorship of the royal yacht risked the "danger of demeaning the monarchy". And even: "I believe in the monarchy. I believe in the royal yacht." (This is, indeed, a new religion.)

In the present-day world, the monarchy is in deep trouble and Mr Portillo is not going to save it through force of will. It was significant that both *The Sun* and the *Mail* yesterday were ambiguous in their response to the plan for the new *Briannia*, because they are more important than a dose of *Führerprinzip* from Mr Portillo when it comes to giving a lead to public opinion.

In the present-day world, the cadet force might give a small minority of boys in some schools something to do that is not actively destructive of social order, but the idea that it is of any real relevance to a better society is laughable.

The key to the falsity of the Tory vision is that neither John Major nor Mr Portillo lived in the fictional 1950s they now seek to paint as their nostalgic vision (Mr Portillo, born in 1953, hardly lived in the 1950s at all).

The Defence Secretary chose not to join the cadet force at Harrow County School, his north London grammar school. This was not, as he pretended yesterday, because he happened to join the Scouts instead. As his biographer Michael Gove notes, Harrow County was known as "Little Sandhurst" and had the largest CCF of any British state school. The headmaster regarded boys who did not join as "nonconformists, saboteurs and cynics", and the youthful pacifist's decision may have cost him the chance of being head boy.

The Prime Minister, at Rutish Grammar, another school with a strong CCF, also chose not to join. "I didn't join because I was playing cricket, which provides exactly the same qualities for people," he said, defensively describing reports of the plan as "overblown".

Collapse of the teenage army plan, then. We predict that the political vim will soon go out of the idea of huying the Queen a new yacht, too. As we report today, the arguments over the specifications for the new boat have begun already. And that is only the start. When it comes to the contract to build it, Mr Portillo will find himself constrained by European competition

law which could see it being made in Greece or Finland.

The moral of this excursion into nostalgia is that it is a tribute to Labour's success. The Tories cannot convincingly appeal to a post-War golden age free of crime, when an entire nation was so awed by the coronation of the young queen they went out and rented colour televisions for it. The Tories now have so little to say on law and order and the constitution that they have resorted to trivia.

Squaddies on the line

Meanwhile, we hope Michael Portillo doesn't get to hear of this. The Foreign Legion has been sent in to help police the Paris Metro, owing to staff shortages in the gendarmerie. True, the swashbuckling romance of *Beau Geste* has been lost on ethnic minority Parisians. Sergeant Markoff shouted in the 1939 remake: "Keep shooting, you scum! You'll get a chance yet to die with your boots on!" That's the sort of attitude the Defence Secretary seems keen to foster. It could be the next idea for the Tory manifesto: not selling off London Underground, but sending the SAS in to sort out crime on the Tube.

LETTERS TO THE EDITOR

Sailing into the sunset of monarchy

Sir: Yet again the Government seeks to pull a fast one. Motivated by election opportunism, the Cabinet reckons it's worth some extra votes to announce now the decision to give the Royal Family a new luxury liner of their own at a cost of £60m (report, 23 January).

Yet again too the Queen readily accepts the gift, despite the fact that everyone in the nation will have to pay by way of the £60m being removed from the state kitty - money that otherwise could benefit all sections of our society.

Republicans, however, will recognise this selfish act as yet another nail in the coffin of the House of Windsor. Each time they display such avarice the royals arouse more and more resentment among people: they clearly do not understand, increasing the odds that in time the public demand will be for an early end to the archaic institution of monarchy.

RAY BELLISARIO
Norwood Green, Middlesex

Sir: All across the land the cry goes up: "Vivat Elizabetha!" "Viva Portillo!" From the heath-covered mountains of Scotland to the shop-doorways of the Strand, old ladies on trolleys in hospital corridors wipe a proud tear from a rheumy eye; rosy-cheeked schoolchildren, 40 to a leaking classroom, break forth in joyful song; taxpayers swallow a rapidly rising lump-sum.

Ring out, wild bells! Other nations may choose to blink in the blinding dawn of the 21st century, but Britannia steams majestically into comforting sunset of the 19th.

ANDREW MONTGOMERY
Richmond, Surrey

Sir: Your proposal to convert the Royal Yacht into a prison ship (leading article, 23 January) couldn't be bettered, provided that we have none of this classless society nonsense. Its use should be limited to the better class of prisoner who would I'm sure be prepared to pay handsomely for the privilege. What nobler climax to a criminal career than to be incarcerated within the Portillo or Howard suite on board the Royal Hulk *Briannia*?

ALISTAIR WOOD
Wrexham, Chwyd

Sir: Since the royal yacht is to be funded by taxpayers, would it not be a good idea for a suite to be set aside on board so that on every voyage (except maybe royal honeymoons) a few ordinary taxpayers would be passengers, as a living reminder to the royals of who paid for the yacht. Allocation could be decided by a special draw of the National Lottery.

B LATIMER
St Leonards on Sea, East Sussex

Sir: One of the reasons for the public financing of HMV *Briannia* was that the ship would be available as a hospital ship "in times of conflict". During the Falklands war I wrote to the Ministry of Defence asking why the Queen's ship was not on station when our troops were bombed by the Argentines. I received a reply stating that the Royal Yacht was unavailable because it used the wrong type of oil.

MIKE MITCHELL
Manchester

Sir: I hope *Briannia* is not scrapped. Instead might I suggest that she be sunk as an artificial reef? She would join other famous vessels like *Rainbow Warrior* that now delight



thousands of divers. As the Duke of Edinburgh, Prince of Wales and Duke of York are all divers, perhaps they could make the first dive.

IAN T SPOKES
Gateshead, Tyne and Wear

Sir: I see Mr Portillo describes the new royal yacht as "a valuable national asset". Ripe for a sell-off, then.

TERRY MARSHALL
Norwich

UN strives to protect Kurds

Sir: The United Nations High Commission for Refugees (UNHCR) shares the concerns of your correspondents concerning the wellbeing of some 14,000 Turkish Kurd refugees in Atroush Camp (letter, 23 January). However, I must correct the emotive and ill-informed conclusions in their letter.

UNHCR is not "sacrificing" the refugees or trying to deny them the "minimum internationally recognised humanitarian standards of treatment". UNHCR is, in fact, trying to follow its mandate to protect their lives and interests in an extremely complicated and dangerous situation.

UNHCR has been providing assistance in Atroush since 1994. However, armed "activist" elements have recently seized effective control of the camp with the result that UNHCR and non-governmental organisation staff have been held hostage for three days in one incident and the office can no longer physically continue its humanitarian tasks in any degree of safety. Refugees have

been forcibly prevented from leaving Atroush by the activists and on occasion have been pressured into activities which could compromise their refugee status.

In those circumstances it was decided to discontinue humanitarian assistance in Atroush itself. Two transit sites have been opened nearby at Mugliba and Balkus, where we will continue to assist refugees who either choose to repatriate to Turkey or who decide not to. UNHCR is in constant touch with the Turkish government, insisting repatriation must be absolutely voluntary, and the agency is increasing both its passive and active monitoring of refugees, including an increase in staff at Silopi to observe and facilitate border movement.

UNHCR will continue to work fully for the wellbeing and protection of all refugees in the region in question.

PHILIPPE LAVANCHY
Representative for the United Kingdom and Ireland
United Nations High Commissioner for Refugees
London SW1

Bribe me!

Sir: Gillian Berg (letter, 22 January) is right: we don't need a Halifax Bank. What we do need however is a £1,000 bribe which we can take away and invest somewhere else, probably in a building society.

DAVID ROUANE
Didcot, Oxfordshire

End the annual Budget charade

Sir: Gordon Brown's decision to set income tax rates for the foreseeable future is brave, if long overdue (report, 21 January). It is 153 years since income tax was last reintroduced as a "temporary measure". The time for playing "let's pretend" about next year's taxes is past.

I trust therefore that if he is Chancellor next year, he will put provisions in the Finance Bill to make income tax permanent. Then he can ask Parliament to set the rates on a permanent basis. It is no answer to say that this restricts a Chancellor's freedoms. In most states, income tax rates are fixed for the foreseeable future. Why is Britain different?

In the British context, this removes the idea that taxes are a voluntary annual gift to the Sovereign. It would also help to simplify our tax laws. Further, it would reinforce the stability that Mr Brown's announcement has already given to the system.

Making income tax permanent would remove the technical requirement for an annual Finance Bill. At the least, it removes the need for the restrictive timetable on Finance Bills. More valuably, it would remove the pretence that there will be no income tax next year. That merely leads to some tax-avoidance techniques and the false theatre of the Budget Day guessing game.

Mr Brown's announcement is to

be welcomed, not only for its deflection of the political debate from taxation to other matters but for the reforms that can follow.

DAVID WILLIAMS
Professor of Tax Law
Queen Mary and Westfield College
London E1

Don't forget the other 'cadets'

Sir: I have the greatest respect for the military cadet organisations but I am concerned that they could be singled out by government for expansion ("Plan to raise school cadets", 23 January). The strength of the youth service is its diversity. Organisations such as the Boys' Brigade, Scouts, Guides and many others, all staffed by volunteers, offer all the opportunities, except weapon training, expected from the cadet units.

I read that the MoD already contributes £70m a year for cadet units for a membership of 130,000, whereas my organisation of 100,000 received around £50,000 from government sources. Some of our units face massive rises in fees for the use of school premises and many have been virtually priced off playing fields.

Anything government can do to encourage and support membership of youth organisations is very welcome but I would hope it would not neglect what is already there.

SYDNEY JONES
Secretary, The Boys' Brigade
Hemel Hempstead, Hertfordshire

Justice denied to the poor

Sir: As legal aid solicitors, we are disturbed by the implications for access to justice caused by the latest huge increases in court fees. These were imposed without notice on 15 January by the Lord Chancellor's Department.

One example is the overnight increase in the issue fee for a divorce from £80 to £150. People on income support are no longer exempt from fees, having to pay the first £20 of each fee. For many of our clients, such as a mother with two young children on income support of £86 a week, this effectively prevents divorce. Is this part of an attempt by the Government to "support" failing marriages?

It appears that access to the courts is no longer regarded as a fundamental element of our democratic society. The Government wants the court service to become "self-funding" within two years. Access to justice - a luxury or a right?

TIM DANIEL
RACHEL KARP
LOUISE MCKEON
OLIVER MOORE
Daniel and Harris, Solicitors
London NW6

Sad century

Sir: Conrad Payne (letter, 23 January) asks, "Why bother celebrating the millennium?" To avoid "celebrating" the century, which started with such great optimism but has seen two world, and countless other, wars.

NEILL COOPER
Warrington, Surrey

Local stations merged by BBC

Sir: The BBC, says Nigel Chapman, Controller English Regions (Letters, 22 January), "has committed itself to expanding its broadcasting presence into more communities across the land". Is this the same Nigel Chapman who, as head of BBC in the Midlands, last year killed BBC Coventry and Warwickshire and tucked it into the armpit of a station serving three million people in Birmingham and the Black Country? The BBC did away with Radio Oxford at the same time.

Two of BBC CWR's blind listeners challenged the BBC to defend before the High Court its right, in face of public outrage, to write a city and a county off the local radio map. The judgment was cruel but correct: the BBC charter requires no consultation of the customer.

STEPHEN WRIGHT
Ilmington, Warwickshire

Sir: Nigel Chapman's reply to Polly Toyne's plea for more local radio is opposite to the BBC's actual policy, which is to regionalise stations, rather than localise them.

Here on the south coast we once had an excellent local station called BBC Radio Brighton, providing a service of local news and information plus contributions from local musicians and personalities. This was eventually changed to BBC Radio Sussex, making it somewhat less local. Then it became BBC Radio Sussex & Surrey and now it is BBC Southern Counties Radio, covering parts of Hampshire, too.

Most of the original Brighton studios have been vacated, leaving a skeleton newsroom staff and no access for the public. What was once a local Brighton station is now run from Guildford and the all-talk output has little to interest listeners in Sussex. Letters of complaint to the BBC bring a standard answer that this is what the public wants.

IAN BUXTON
Brighton, East Sussex

Tally ho for a romantic future

Sir: Richard D North ("In hot pursuit of the irrational", 23 January) argues that if fox-hunting is banned, riders may switch to drag-hunting, which he decries as "more predictable and less romantic". Fox-hunting very probably will be banned and the hunts will certainly switch to drag-hunting.

The way to make drag-hunting more unpredictable and romantic is to make it a competitive sport. Rules can be devised, involving umpires with stop-watches. Inter-hunt tournaments, championships, league tables all become possible. And all the irrational, traditional, colourful and expensive elements of hunting will be lovingly preserved. Mr North should give this change his backing, rather than waste effort defending a lost cause.

RUPERT LEE
London SW14

Old trick

Sir: Your leading article (22 January) suggesting salt-and-vinegar flavoured sprouts to persuade children to eat their vegetables is the method my grandmother used over 50 years ago. She chopped up my cabbage, sprinkled it with sugar and vinegar and convinced a reluctant grandson it was delicious. It never was though!

ALAN HOBBS
Oxford

Post letters to *Letters to the Editor*, and include a daytime telephone number.
Fax: 0171-293 2056; e-mail: letters@independent.co.uk.

E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.

analysis

After the voters, the vultures

The candidates are circling, waiting for their chance to seize the Tory leadership should Major lose the election. Donald Macintyre gives the low-down on the contenders and their chances of success

Some time this year, the chances are that the Tory party will have a new leader. Officially, no one is thinking about it. Unofficially, some Tories are thinking of little else. One Cabinet minister starts sending out Christmas cards to MPs he hasn't exchanged the time of day with for years. Another just happens to throw a cocktail party for parliamentary candidates in winnable seats. Slowly, discreetly, the campaigns have already begun.

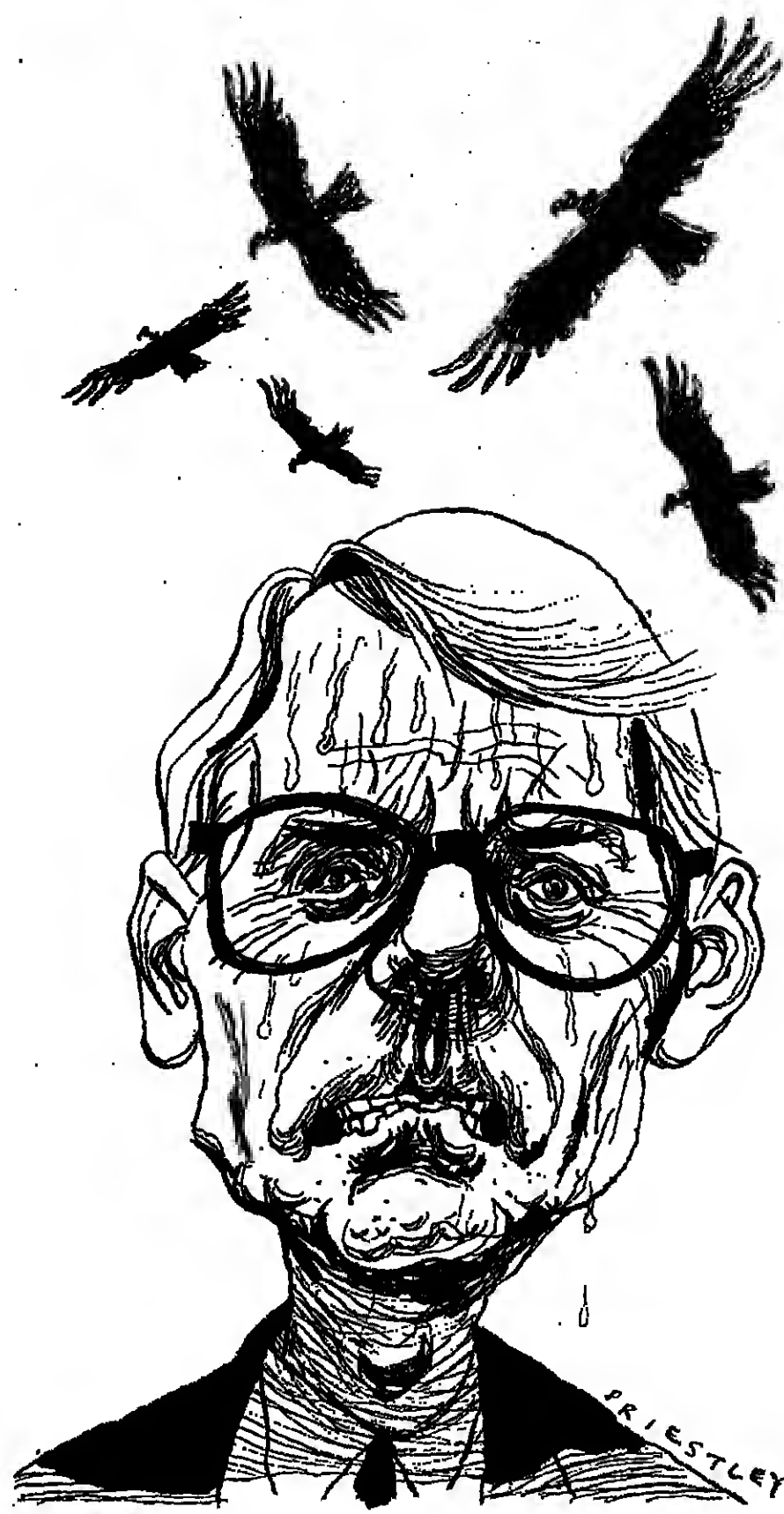
One of many reasons why the outcome will be so unpredictable is that the leadership contest will have its own dynamic. In John Redwood, Michael Portillo, and Michael Howard, there are at least three ambitious candidates on the right. That was true of the Labour Party modernisers too, when John Smith died in 1994. Eventually Gordon Brown agreed, over a famous dinner at Granita in Islington, not to run. But then Brown and Blair had always agreed that only one of them would run for the leadership. No such blood brotherhood exists on the Tory right. All the right-wing

candidates are ambitious men; there isn't much likelihood that they will hold a "Super-Granita" and that two of them will stand down before the leadership contest opens. And if all three of them run, each will face a strong temptation to outbid each other for the hard right vote in the first ballot. And on Europe, for example, that could mean going just that bit further in contemplating withdrawal from the EU than the candidates might have intended.

The challenge nevertheless for the right-wingers in the first ballot will be to be right wing enough to attract solid support among the Thatcherites, while not being so right wing as to frighten off the centre and left in the second and third ballots which any candidate needs to emerge as victor. Private analyses circulating in Westminster of the party's composition after the general election confirm strongly that the centre of gravity will swing sharply to the Europhobic right. But they also suggest the left and centre will still be a force in the post-general election Tory party. If the Tories were wiped out and got less than 100 seats, then the left and cen-

tre left would probably muster just over 40 seats. Around a dozen are unknowns, or undecideds and around 45 on the right or centre right - with more than half those on the hard right. If the Tories win 200 seats then the rough breakdown from left to right is 80, 30, 90. And if the Tories win 250 seats, the breakdown would be roughly: 100, 35, 115. So the right is significantly the biggest single group in each case; but in no case do they overwhelm the party.

If Major loses, he could go straight away. Equally, he could decide to stay, perhaps until the party conference in October. Under the rules, and because of the summer recess, a May general election would make a challenge to him impossible before November. And the greater the chance the party would have to see how the candidates are performing as Opposition spokesmen, the more those performances will matter to the outcome. In 1980 Labour preferred a unifying Michael Foot to Denis Healey, its likeliest general election victor. And the party still fell apart. The Tories could yet split. But nothing unites a party like its capacity to win.



Michael Heseltine 5-1

Never, but never, rule out the Big H. True, in 1995 there was a strong suspicion that Heseltine never became a contender because there were fewer convinced supporters than in 1990, when he had failed, finally, to beat either Margaret Thatcher or John Major. True the there is a touch of the Archie Rice about the old maestro, these days. And he alienated possible right wing support at a meeting with the '92 group this week by giving clear pre-election "belt up" warning to Eurosceptics while pointing out in passing that he had supported EMU opt out before John Major even became PM. But he has never given up yet. One theory is he could come in on a second ballot. Say for exam-

ple Ken Clarke did well enough in the first ballot to show the left were still a force; but not well enough to beat the right. And say Blair had won by only a narrow majority, needing a second general election. It could postpone the big showdown. And young cardinals vote for old popes.

Michael Portillo 5-1

In political de-tox after a series of rash errors - allowing his mate David Hart to set up a safe house to run a campaign that never was in July 1995 and making a crass speech to the 1995 conference invoking the SAS for Tory purposes. Is steadily rehabilitating himself as orthodox and enthusiastic Defence Secretary - and reconnecting with Tory old

right - while staying loyal to leadership, and conspicuously avoiding public boat-rocking over Europe. Advantages: charm, looks, intelligence. Disadvantages: lingering doubts over (1) judgement and (2) whether, as hard-line Eurosceptic (has obliquely questioned whether even single market needs EC enforcement) he could reach out to centrists in the party.

Michael Howard 6-1

Strong potential campaign already exists in shadow form including old rightists Sir Archie Hamilton and Sir Nicholas Bonsor, along with key Maasricht rebel Sir Michael Spicer, plus ex-Central Office staffer and key 1997 Commons entrant Tim Collins.

Impressive track record as ring leader of Euro-sceptic right within Cabinet, right back to 1990. Has boldly led latest attempts to persuade John Major to abandon "wait and see" policy on EMU. Made original Cabinet move before Christmas which led to yesterday's new Euro-sceptic tone on EMU. Advantages: as Home Secretary, most senior figure on the right, attractive and intelligent wife (ex-model Sandra Paul). Disadvantages: off-putting TV image and the danger of peaking too early - it doesn't help that he's already been written up as right-wing favourite. Semi-official position on Europe: hopes to stay in but would keep possible withdrawal threat as shot in negotiating locker.

Stephen Dorrell 6-1

The Health Secretary's roots are firmly on the left of the party. But he has since spectacularly trimmed by going Euro-sceptic (now one of the Cabinet minority seeking change in the "wait and see" policy) and making wild claims that Margaret Thatcher was really a one-nation Conservative. Also pleasing right wing by planning further privatisation of social services. Important friends include Danny Finkelstein, the influential research director at CCO, credited with "drying him out

on Europe". Advantages: highly personable, good ministerial track record (except at Heritage where he was notoriously unhappy) and with real appeal for younger centrists in the party. Disadvantages: faces danger that his rightward shuffle will anger left without convincing right.

Ken Clarke 7-1

Conventional wisdom is that he couldn't win the leadership of a now basically Euro-sceptic party. Which is peculiar given that (1) he was thought of as recently as 1993/4 as the man within a heartbeat of taking over from John Major, (2) even his political enemies regard him as having been a highly successful Chancellor and obvious Prime Ministerial material, and (3) he is undoubtedly the politician Tony Blair would most fear as leader of the Opposition. But he will surely run, and the trimming of others on the left may give him enough space to do better than some MPs expect. If the party suffered meltdown, it might even come to its senses, forget ideology and choose him.

John Redwood 8-1

Believes he has earned the right to be the Thatcherites' standard-bearer. Michael Portillo had the chance to stand in

1995 when John Major put his leadership up for grabs. He chose not to, even though Redwood would have backed him. Redwood therefore showed the courage to resign from the Cabinet that Portillo failed to do. Disadvantage: widespread doubts about whether he could hold the party together, or win a general election.

William Hague 8-1

The Welsh Secretary is the right's "fourth man": the party's one-time child prodigy is still ridiculously young at 36. But has definitely not ruled himself out of running this year, despite reports to the contrary (would back either Howard or Portillo if he didn't run.) After an election in which Blair wins well and could be in for two terms or more, it could suddenly make sense to "skip a generation". Will only run, however, if he thinks he has a decent chance of winning. According to one ex-minister, "the one certainty is that sooner or later, William Hague will be leader of the Tory party". Disadvantage: relative inexperience. Advantages: impeccably Euro-sceptic - part of the anti-"wait and see" minority in the Cabinet, while believing Britain should be "in Europe but not run by Europe". Of the four right wingers he has the best chance of appealing to the left and centre. At least one Cabinet min-

ister on the left predicts he will be leader by the end of the year.

Malcolm Rifkind 9-1

Brilliant high flier. Some political ambiguities: although thought to be on the centre left in the 1970s (pro devolution for example), voted for Thatcher rather than Willie Whitelaw in the second ballot in 1975 and has been anti-EMU since well before he became Foreign Secretary. Infuriated Ken Clarke by including anti-EMU passage in Zurich speech last year. Was stout co-defender with Clarke of wait and see policy - but also an enthusiastic architect of yesterday's shift towards more sceptical language on EMU.

Ian Lang 10-1

The essentially Majorite alternative. Advantage: shrewd and amusing; doesn't attract hostility on either left or right. Disadvantage: too like Major and could lose Scottish seat.

Gillian Shepherd 12-1

Like Lang, could have strong centrist appeal despite her Euro-sceptic leanings and made obvious leadership bid last year by publicly espousing corporal punishment. Not much sign of a handwagon at present. But few people before the two 1974 general elections

thought another woman education secretary, Margaret Thatcher, would be a candidate, much less a winner.

Michael Forsyth 15-1

Clever, tough, and deep-dyed Euro-sceptic judged to have been a signal success on Scotland. Has allies in parliamentary party but fighting to keep super-marginal Stirling seat.

Chris Patten 50-1

The prince over the water. Would be a charismatic standard-bearer for the left, and has usefully shifted towards right on Europe and on state spending in his time in Hong Kong. But close friends insist he won't be a runner even if Major stays on until after he stops being Governor at end of June. Plans to spend six months in France writing a book on Asia; wife Lavender against him going back into British politics (though would back him if he did). Will know neither 1992 or 1997 intakes. Is fastidiously against the idea of being parachuted into by-election seat while incumbent is moved to Lords - necessary if he were to run. And could be offered a job by Blair (for example as Tory European Commissioner if Sir Leon Brittan stands down). Highly unlikely to be a contender - but the unexpected sometimes happens.

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Pity the computer that wants to think like us

Sometimes you get enlightenment from listening to the news not because of what they tell you (the idea of being enlightened by what they tell you in the news is so far-fetched that only John Birt would believe in it) but because of the juxtaposition of news items. Start putting a few unrelated news items together and you start making sense of the world.

Take, for instance, the following five leading news items which I have recently had jingling around in my mind like small change ...

1. Kevin Keegan has resigned as manager of Newcastle United, though nobody seems to be sure why.
2. Several people have failed to go round the world in a balloon. (Actually, they have only failed to go round a quarter of the world, but it sounds better if you say they have failed to go round the whole world.)
3. Malcolm Rifkind is visiting the capitals of Europe to explain the British government policy on Europe not to other governments but to the people. He says he is doing this because the whole

thing is bigger than just diplomats and bureaucrats, and should involve everyone in a great debate.

4. As the royal yacht *Brianna* goes on its last voyage, the Government proudly announces that the taxpayer will replace it with a new £60m ship.

5. Computers are getting ever nearer to being able to think like humans.

Right. Let us look at these news items one by one.

1. The mystery of Keegan's resignation. The mystery here is not why Keegan resigned (the mystery is why any football manager stays in the job at all) but why it became such a sensational news headline. Most people don't care about football. Most people even in Newcastle don't care a lot about football. Therefore most people do not think that Mr Keegan's resignation from one of the better football teams in the north of England is a world-beating news headline. I would suspect that not even John Birt does, though of course we do not know John Birt's opinion on anything mundane, and we cannot understand



Miles Kington

his opinion on anything else.

2. There are two balloon mysteries here. One, the mystery of why anyone would want to go round the world in a balloon. Two, the mystery of why an aghast failure to do so should be a leading news item.
3. The mystery here is why Malcolm Rifkind should think that the foreign secretary which has another couple of months to run should be the best person to explain to the peoples of Europe what the European Community is all

about. (One should always be wary when politicians talk about a "great debate". What they mean by this is restricting the discussion to their fellow politicians.)

4. It is hard to understand why the Government is so proud of announcing plans for a replacement for the royal yacht *Brianna* at the very moment when the new replacement is needed. Or, to put it another way, why the Tory government is so inefficient that it has only just thought about replacing the royal yacht at a time when the old one is on its very last trip. If you or I announced, at the moment when our car had been taken off the road for good, that we were seriously thinking of getting a new one built, would we be looking for applause? I think not. I think we would be apologising.

5. Every time I read that computers may one day be able to think like humans, I think about such news items as the previous four and I think to myself that what computers want to be able to do is think UNLIKE humans. Human beings, after all, are so self-centred and so parochial that we place

ourselves at the centre of the universe and imagine it is all being done for our benefit. We even conceive of God entirely in human terms, in terms of what He can or cannot do for us - when an atheist says that he cannot believe in a God which would allow all this injustice and cruelty, what he is saying is that he could only believe in a God which gave mankind a special deal.

And then we assume that a computer's top ambition would be to think like a human! The arrogance of it! The parochial small-mindedness of such an assertion! If I were a computer, I would want to think bigger than that. If I were a computer, in short, I would remember what Disraeli said to the Count d'Orsay when they were discussing the advantages of various nationalities.

D'Orsay: Yes, I am proud to be French. I am French and I shall die French!

Disraeli: What! Have you no ambition, sir?

Yes, I hope computers have more pride and ambition than to want to think like humans.

Let the Royals join the queue for 'Britannia II'

Labour says it will review it, but it rather looks as though we are going to have to pay for a new royal yacht. There are two possible responses to this. One is to argue the merits of the case – whether or not this is a fine statement of commitment to a valuable British institution or an absurd transfer of wealth from poor to rich. That is what we have had to date. The other response is to say: "OK, if that is the decision, how do we make it pay for itself?" That is what this column is about.

My own acquaintance with royal yachts is limited, to say the least. But one of the supposed purposes of *Britannia*, much trumpeted during the past 36 hours, is promotion of trade, and I did once spend a day on it, cast as a spear-carrier in the service of British exports.

It was an interesting day at a number of levels. It was interesting in a *Helio* sort of way to see the Queen's and the Duke of Edinburgh's studies; the one Mrs Tiggywinkle, with its flowery print sofas, the other Man of Action, all wood panels and leather. It was interesting to talk to the crew, serving Royal Navy personnel whose next ship might be a minesweeper, and catch their perception of its value. I recall a young officer explaining that he felt the attraction to the Royal Family was that it was one place where they were not surrounded by people who fawned on them and could therefore feel at home – though I suspect that the naval officers selected for the job would be pretty good in the defence states.

But my overriding impression was that it seemed dreadful value for money, our money, both on the cost and the revenue side of the equation. The ship was absurdly lavish in its use of labour, treating the naval crew of 250 as though they were a free resource, hired to polish the thing till you could see your face in the engine-room pipes. It was almost as though jobs were thought up to keep people occupied, rather than the other way round.

And on the "revenue" side? Well, there is no direct revenue, and that's fine, because not every aspect of public endeavour needs to raise hard cash. But we as taxpayers could reasonably expect careful cost-benefit analysis of whether the ship actually does help to generate business for the country, and a clear focus to its export promotion efforts. I fear neither exists.

Above all, there seems to have been no effort to make full use of the property. If you are going to have an expensive asset, it must earn its keep. I am not suggesting that it should endlessly steam round the world – rather the reverse. A royal yacht needs to be used, aggressively and energetically, at the function at which it is best: a floating entertainment centre, the reward for people who have really earned it.

The basis on which the new royal yacht is



Hamish McRae

The way a new Labour government can justify what might appear a gross extravagance is to make it pay for itself – to make the asset sweat

to be run has to learn from these failings. The way a new Labour government (and I guess that is where the final decision will be taken) can justify what might appear a gross extravagance is to make it pay for itself – to make the asset sweat. But how?

There is a model, and it is not the sponsorship pattern that has now conquered sport. That is tacky. So we can't have a *Carling Britannia*, though I'm sure the firms that sponsor sport would queue to sponsor this one. (And, sorry, we can't have a *Carling Diana* either, despite the sporting ring of that.)

No, the clever way of exploiting the brand is to keep control of the new royal yacht firmly in the public sector, and then to allow three things to happen. One is to give ordinary people a sense of ownership: they have paid for it, so let them have a look around it. The next is to use it as reward for people who have performed useful services for the country. And the third is to allow it to be used very, very carefully by the private sector, in return for a contribution towards its upkeep.

The best model for the first two uses is the way the US administration uses the White House. A certain amount of time is set aside for anyone to see it. You queue up and you can have a look around. I would suggest that when the new yacht is in Britain there should be open days, maybe with some pre-booked to cope with the flow. But most of the time invitations should be used as a reward for people who have helped the country, or might help it in the future – pretty much as invitations to the White House are used in the United States, but without the political spin.

And for the third role? I have been trying to work out how much money is needed for a new yacht to pay for itself. If the capital cost were £60m, about £10m a year would be needed to cover interest and pay off principal over a life of 30 years. Add in running costs of, say, £2m a year (against £5m at present), so you would be looking for £12m a year.

What is it worth in the market? A friendly yacht broker tells me that the largest private yacht normally available for hire, *Leander*, costs \$50,000 (£31,000) a day, plus expenses of about \$10,000. But *Leander* is a mere 245ft long, compared with the present *Britannia* at 412ft. A new royal yacht would be smaller, but must be worth double *Leander*: say £100,000 a day. Make it available, very discreetly, for favoured events deemed to be in the national interest for only 20 days a year and you've covered the running costs, make it 60 days a year and that is half the full costs. The rest of the time it is geared around promoting British business in a structured, measured way. And the Queen can still have the thing for her summer holidays for whatever fee Parliament decides is appropriate. Problem solved.

Superwoman, now playing nationwide

by Suzanne Moore

Who does Superman's Hoovering? Lois Lane? I think we should be told, because if he were really Superman he would do it all himself, wouldn't he? He could appear on the 10 o'clock news and tell us how normal he really is and we could say to each other: "Aw shucks, he is a regular guy who just happens to be able to fly." Or we could remind ourselves that Superman is a fictional character and leave it at that. His female counterpart, Superwoman, however, has been discussed recently as though she were real. Ever since Nicola Horlick lost her job we have been bombarded with nonsense about Superwoman. Superwoman has destroyed the City's solar system. Superwoman has been brought down to earth. Superwoman may be storming around but is she who we think she is? Telephone lines have been set up so we can answer the question: "Is Nicola Horlick really a superwoman?"

She is a superwoman because she earns a lot of money and has five children. Or she isn't a superwoman because she isn't a superwoman because having a lot of money helps you have five children. Authentic superwomen we have been informed are actually those average working mums who don't have a million pounds at their disposal.

So we are perturbed. Horlick may be described as a housewife-superstar because thanks to Margaret Thatcher and Dame Edna we know what this is. She may not, however, be described as a fat cat because fat cats are presumed to be male. One of her undoubted talents is clearly her ability to change her appearance. She is doll-like in some descriptions, frumpy in others. Clad in designer black with scarlet lipstick she is the archetypal Eighties vamp but she can transfigure at any given moment into a bit of a frump, "a mummy fund manager" who wears large frocks because as a "friend" put it, she is "generally pregnant". As pregnancy, we are reliably informed, shrinks a woman's brain, one imagines that being generally pregnant must mean a brain the size of a walnut. Intriguingly enough, the Horlick brain remains fairly sharp. Perhaps then she is not like other women at all. Perhaps this explains why she has a "ghostly complexion" or a colleague's remark that "there is something strangely terrifying about her." Perhaps she is barking.



Yet again one woman bears the burden of representing her gender

As she said of her work mates in the City, "I know they all think I'm mad – but I just had this incredible urge to storm into Morgan Grenfell in London, then fly to Frankfurt." Weird. Other urges have emerged – the urge to be a Labour MP, the urge to share her domestic setup with ITN, the urge to seek public reinstatement.

After all she is used to winning. In 1995 she said that at school she quickly learnt that "I could beat the boys at just about anything I set my mind to. I also learnt how silly they could be." Now though, the boys think

she is being very silly indeed, breaking the tribal taboos of the City with this historic display. Some say she has set the cause of female equality back by blabbing all over the place. She overestimated her own worth. Her ego, like her salary, got out of hand. Her case illustrates the insanity of the star-system. She is not bigger than Morgan Grenfell just as Chris Evans is not bigger than Radio One.

Only a few brave souls will support her. William Rees-Mogg in *The Times* believes she was underpaid but her mistake was in challenging the assumption

that banking is not an "arena for the public display of personality". Mind you a million pounds does not amount to much to *The Times*. You cannot apparently get a decent large family house in the centre of town for that sum.

So did Superwoman fall or was she pushed? Either way it strikes me that even if Horlick cannot re-enter the City, she will get along nicely so it doesn't too matter too much. What does matter though is that yet again one woman, however super, bears the burden of representing her entire gender.

No one much cares who does Chris Evans's ironing or is asking whether he has set the cause of the ginger-haired back by 10 years. No one wonders whether he will be able to continue his job as well as procreating. No one says that Evans's behaviour will reflect on DJs the country over. Evans is allowed to be a one-off because that is what he is paid to be.

Ambitious women like Horlick, meanwhile, are "driven" and their private lives inspected for signs of anxiety. Other women will confidently tell them that they are missing out on their children's childhood. They tell stories of nannies ordered by other power-crazed superwomen to write down every word that their kids utter when they are not there so that they will not miss out. We watch documentaries of career harpies who leave their toddlers weeping and we see how unnatural it all is. Thus even a woman like Horlick must try desperately to present herself as natural. She must tell us that she is at the sick child's bedside, that she does the housework, just as Cherie Blair must pretend to knit complicated jumpers.

These women may do it all, have it all and then some. But when will they wake up and smell the cappuccino? Shirley Conran told us that life was too short to stuff mushrooms. It is also too short to delude ourselves. We make choices. Sometimes our children suffer as well as gain from our choices. We may continue to argue about the repercussions of these choices. Meanwhile, to cram some Fifties version of authentic mothering into an hour a day is just insane. We have won nothing but the right as Erica Jong once said to be "terminally envious".

We do not know how much time Nicola Horlick's male colleagues, or her husband come to that, spend with their families. Somehow the issue doesn't arise. We know only of the juggling, the stress, the getting up at ridiculous hours of high-fliers like Horlick and of the sadness of others when the cracks begin to show.

Fictional characters like Superwoman may soar off into the skies leaving the rest of us under yet more pressure to keep our feet on the ground, to be super-real, super-ordinary whatever our successes. Superwoman, you see, is not very sisterly. She is the exception that challenges the rule and as long as we continue to believe in her, the rules as we have seen will stay exactly as they are.

If Israel exists, then so does Palestine

In international law, the two have equal claim to sovereign statehood, writes John V Whitbeck

An excruciatingly long and painful labour has finally given birth to a Hebron agreement in which Benjamin Netanyahu's government has essentially agreed to do in 1997 what Israel was legally obligated to do in March 1996, pursuant to an agreement solemnly signed in Washington in September 1995. These negotiations have demonstrated that under the present Israeli government, backsliding from agreements already signed is far more likely than any genuine progress toward peace.

Fortunately, there is one giant step towards peace that the Palestinians and the international community can now take together, without Israel's prior consent. They can dispel the dangerous illusions that the Palestinian lands conquered by Israel in 1967 are "disputed" rather than occupied, that Palestinian statehood is within Israel's power to grant or deny, and that the "Palestinian Authority" is or has ever been anything but a transparent euphemism for the state of Palestine.

There has long been a strange, other-worldly quality to the veil of words drawn across the face of Palestinian statehood. Prime Minister Netanyahu pledged to his Likud party's congress last September that "you can dream every night and you will still wake up every morning and see: there is no Palestinian state, there is no Palestinian state, there is not and there will not be a Palestinian state". In fact, the state of Palestine already exists, and Palestinian statehood is not even an issue in the "permanent status" negotiations that formally began last May and which, according to the Declaration of Principles signed in September 1993, must reach an agreement not later than May 1999.

According to the Declaration of Principles, the issues to be covered during permanent status negotiations are "Jerusalem, refugees, settlements, security arrangements, borders, relations with other neighbours, and other issues of common interest". Palestinian statehood is not mentioned, but the references to "borders" and "other neighbours" would make no sense except in the context of an agreement between states. Israel's eventual formal acceptance of Palestinian statehood is clearly implicit in the terms of the Declaration of Principles, but, as a matter of international law, Israel's prior acceptance is not an essential precondition for the state of Palestine to exist.

While extending diplomatic recognition to foreign states lies within the discretion of each



The state of Palestine exists – its leaders should proclaim that fact to the world

sovereign state, there are four customary criteria for sovereign statehood: a defined territory over which sovereignty is not seriously contested by any other state; a permanent population; the ability and willingness of the state to discharge international and treaty obligations, and effective control over the state's territory and population. Judged by these criteria, the state of Palestine is on at least as firm a legal footing as the state of Israel.

While Israel has never defined its ultimate borders, the state of Palestine has effectively done so. They encompass only that portion of historical Palestine occupied by Israel during the 1967 war. Sovereignty over expanded East Jerusalem is explicitly contested, even though, after nearly three decades, none of the world's other 192 sovereign states has recognised Israel's claim to sovereignty. However, the sovereignty of the state of Palestine over the Gaza Strip and the rest of the West Bank is uncontested.

Israel has never dared even to purport to annex these territories. Jordan renounced all claims to the West Bank in favour of the Palestinians in July 1988. While Egypt administered the Gaza Strip for 19 years, it never asserted sovereignty over

it. Since November 1988, when Palestinian statehood was formally proclaimed by the Palestinian National Council meeting in Algiers, the only state asserting sovereignty over those portions of historical Palestine that Israel conquered in 1967 (aside from expanded East Jerusalem) has been the state of Palestine, a state recognised as such by 124 other states encompassing the vast majority of mankind.

The permanence of Palestine's population is not in question. The state's ability and willingness to discharge international and treaty obligations has been demonstrated by its establishment of diplomatic relations with a majority of the world's other sovereign states and by its membership in various international organisations.

The weak link in Palestine's claim to already exist as a state was, until recently, the fourth criterion, "effective control". When the state was proclaimed, its entire territory was under the military occupation of another sovereign state. Now, however, a Palestinian executive and legislative (democratically elected by the enthusiastic approval of the international community), Palestinian ministries and courts, and substantial Palestinian security forces exercise "effective

control" over a portion of Palestinian territory in which the great majority of the state's population lives. It can no longer be seriously argued that Palestine's claim to exist falls at the fourth and final hurdle.

While drawing a veil labelled "Palestinian Authority" across the face of the state may once have been necessary to the advancement of peace, this is clearly no longer the case. Polls show that a majority of Israelis are now willing to accept a Palestinian state. Indeed, in mid-December, Mr Netanyahu's chief adviser and spokesman, David Bar-Ilan, announced in a *Jerusalem Post* interview that his Prime Minister could accept a Palestinian state if Israel's security needs were adequately assured. This stunning reversal of positions elicited neither a prime ministerial correction nor any significant public outrage.

Surely the time has now come for the Palestinian leadership to drop the veil and assert that the state of Palestine exists on the soil of Palestine, and for the state of Palestine to apply to upgrade its status at the UN from observer to member state.

If Palestine were to become a member state of the UN, even the Netanyahu government would have no choice but to recognise that the Earth is not flat and to negotiate seriously on how to structure the relationship between the two states in the mutual interests of their peoples. Even if the US dared to veto Palestinian membership, the focus of attention would have been effectively shifted from the realm of brute force (where Palestine is extremely weak) to the terrain of international law (where Palestine is extraordinarily strong).

Now that the Palestinian national movement has established a firm foothold of "effective control" on the soil of Palestine, it is on the terrain of international law and international legitimacy that Palestine should and must pursue its struggle for peace with some measure of justice. Significant progress on this terrain could give Palestinians the confidence, pride and patience to resist a desperate, self-destructive return to violence and to wait out a frustratingly prolonged period of minimal gains on the ground.

Palestinian membership of the UN would make Middle East peace a question of when, not whether. It is an opportunity which can and must be seized.

The writer is an international lawyer based in Paris.

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Shares put on £11bn as pound takes a beating in New York and Tokyo

Diane Coyle
Economics Editor

Shares in London gained nearly £11bn in value yesterday as the pound dived on the foreign exchanges. Expectations that interest rates will not have to increase until after the election battered the currency but took the FTSE 100 index to a record for the second day running.

But a survey showing service industries booming in the final quarter of last year as manufacturing struggled under the burden of the strong currency emphasised the dilemma over whether or not the Chancellor should raise interest rates.

The British Chambers of Commerce, like the CBI earlier this week, urged Mr Clarke against this. Commenting on its quarterly survey of business, the BCC deputy director general, Ian Peters, said: "It is important for the performance of manufacturers, and particularly the larger ones, that we don't risk stifling out the manufacturing recovery by increasing interest rates at this stage."

The pound fell sharply in New York and Tokyo overnight before settling during yesterday's trading in London. The finger of suspicion pointed at hedge funds run by speculators such as George Soros.

A spokesman for Mr Soros said his fund never commented on its investment policies, but traders said there had been widespread sales of sterling by big investors in order to take profits after the currency's strong gains since the summer.

Paul Megyesi, an analyst at Deutsche Morgan Grenfell, said: "Sterling corrections, when they happen, are short and nasty. Once the dam breaks, the flows are huge."

The sterling index against other currencies closed 1.4 points lower at 95.8 yesterday. The pound lost nearly 5 pence, falling to DM2.6685, and declined more than two cents to \$1.6278. It continued to lose value as trading opened in New York. The FTSE 100 index gained more than 52 points to close at 4,271.5, aided by a buoyant morning on Wall Street, as the financial markets stuck to their assessment that Mr Clarke can avoid having to increase the cost of borrowing.

Big exporters such as pharmaceuticals companies were among the best performers as they stand to gain most from the drop in sterling.

Explaining his decision earlier this month to leave rates unchanged in the face of the Bank's advice, the Chancellor dwelt on the strong pound's impact on industry.

But analysts did not yet expect the setback to sterling to weaken the Chancellor's resistance to Bank of England advice in favour of higher base rates, although the Treasury had no comment. As one official remarked: "We don't talk about the pound on the way up, and we don't talk about it on the way down."

A survey of more than 8,600 companies showed that manufacturing orders fell in the final quarter of 1996 and output

growth stalled. Although reported business confidence in the sector increased, firms reported planned cuts in investment and employment.

"The strong pound is becoming a serious issue for manufacturers," Mr Peters said. Of the big companies taking part in the survey, 95 per cent said the rise in sterling - of about 8 per cent between the summer and the end of last year - was hindering their business. The pound had climbed as much again between the new year and the start of this week.

On the other hand, the indicators for the service sector were at the highest since the survey began in 1989. Confidence, home and export orders, employment and investment all increased. Most significant in terms of inflationary pressures, service companies reported increased recruitment difficulties and expressed concern about rising pay awards.

"There are clear signs the service sector is overheating," said David Mackie, UK economist at investment bank JP Morgan. "This highlights the dilemma about interest rates. You can come out with whatever policy prescription you want to."

Following a series of weaker-than-expected economic statistics since the new year, many financial analysts had revised their view that strong growth would force Mr Clarke to follow up October's quarter-point rise in base rates with a second increase. The pound lost ground to the dollar as a result, but its exchange rate against other currencies did not catch up until yesterday.

"This was a fall waiting to happen," said Chris Turner, currency analyst at BZW.

Comment, page 21



Buoyant: Wall Street is convinced that the Chancellor, Kenneth Clarke, can now avoid having to increase the cost of borrowing

BoE tells banks not to relax lending standards

Jill Treanor
Banking Correspondent

The Bank of England yesterday warned commercial banks not to let their credit officers "walk on water" and relax their lending standards in the expectation that bad debts would continue to remain low.

Michael Foot, an executive director of the Bank of England, also cautioned banks against basing lending decisions on assumptions that the next economic downturn would be like the last one.

He advised banks not to abandon their minimum margins on pricing just because their rivals had.

Neither should they sacrifice covenants, which give them the right to intervene in the affairs of a borrower and suggest remedial action, because it would leave them vulnerable to the accuracy of their original lending decision.

He also said banks should resist being influenced by shifting sentiment towards "hot" markets, products or industries. "One excellent discipline here is to regularly ask yourself why you think more about the economics and risks of mandate X than your competitors."

"No satisfactory answer to this very basic question means you don't want that mandate after all."

Banks were crippled by soaring bad debt provisions in the early 1990s when economic recession coincided with the end of a housing boom. After battling to cut these provisions, banks are experiencing lower bad debts as a result of the economic recovery and in recent months the Bank of England has been warning banks not to be duped into lending money more freely because their bad debts have fallen.

This could also happen because banks are beginning to assume that the low-inflation environment will mean that swings in nominal interest rates may be less severe than in previous decades.

Mr Foot said it was still a matter of debate whether this would actually reduce bad debts. "But, even if it does, the point I am making is that the bad debt experience of the last three years had been by any standards exceptionally low; and it is exactly at such points in the lending cycle in the past that credit officers begin to think that 'it is always going to be like this' or 'in the worst cases, that they can walk on water'."

He urged banks not to ignore the information of the early 1990s when recession hit and interest rates soared.

It would be far too simplistic to assume that all default risk would be eliminated by more stable macro-economic conditions.

Large's departure leaves gap at SIB

Nic Cicutti

The Securities and Investments Board has begun the search for a new chairman after Sir Andrew Large, the present office-holder, said yesterday he would not serve another term despite being asked to stay on.

Sir Andrew said that after five years at the helm he felt it was time to move on. "I was charged to oversee the implementation of evolutionary change outlined in my 1993 review [of financial services regulation]," he said. "The bulk of this is now complete. So this is a logical time for a change of chairman. The main unfinished piece of business is the unsatisfactory rate of progress on the pensions review. This will be a key focal point for me in my remaining period of office."

Both Kenneth Clarke, the Chancellor, and Eddie George, Governor of the Bank of England, said they regretted Sir Andrew's decision to go on 31 May, despite being asked to remain, as first revealed in *The Independent* last year.

Sir Andrew's departure brings to an end five years of unprecedented regulatory change for the financial services industry and the City. As SIB chairman, Sir Andrew oversaw several key reforms including more disclosure of financial information. He set in train a clean-up of the personal pensions industry after a review showed up to 1.5 million people might have been mis-sold a personal pension.

British Gas outgrows its £150m computer system

Chris Godsmark
Business Correspondent

British Gas's troubled new £150m customer billing system, thought to be Europe's largest and most ambitious computer project, could soon be out of date and will not be able to cope with the company's planned expansion into the domestic electricity market, senior industry sources warn.

The company now faces the embarrassing task of developing another computer system to handle its drive to sell electricity when the power market opens up to competition in 1998. Centrica, the gas supply company which will be formally demerged from British Gas next month, has already made clear that its long-term future lies as a multi-utility, offering electricity supplies to its 19 million gas customers.

The latest computer problems come just months after

British Gas was forced to spend a further £80m on top of the original investment to sort out serious glitches in the system, known as Tariff Gas Billing (TGB), which led to a huge increase in customer complaints.

The Gas Consumers Council was inundated last year with complaints from people who were unable to get through to the company's customer service representatives.

Earlier this week Mike Alexander, managing director of British Gas Trading (BGT), the supply division, told a Commons select committee that the billing problems had mostly been ironed out. "I hope 1997 will not see a repeat of 1996," he told MPs.

However figures released yesterday from the Gas Consumers Council showed that complaints against BGT received in December, at 1,963, were still 101 per cent above 1995. Total complaints against

BGT last year also surged by 103 per cent to 34,211.

The new shortcomings in the billing system stem from the need to accelerate the timetable of the project after the Government decided to bring forward the introduction of domestic gas competition from 2000-2002 to 1996-1998. This involved replacing 12 regional computer databases, which used more than 60 separate networks of differing ages and specifications, with a single national system that could track British Gas's residential customers as they switched to rival suppliers.

Instead of developing an entirely new system, British Gas was forced to base the TGB project on an expanded version of its existing regional database in the West Midlands. ICL was given the contract to replace hardware in 1994, while the software systems were developed by British Gas's in-house information technology team with the target of going live across the UK in just two years.

"The fact that we managed to build it at all in that time is an incredible achievement," said one person involved in the project. A similar sized system constructed by British Telecom from the late 1980s took at least twice as long to develop.

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Through the TGB system is currently being developed to allow gas bills and boiler service contracts to be merged on to

one customer statement, the move to joint billing for electricity contracts is thought to be much more difficult. A spokesman for British Gas Trading said yesterday: "The decision about specifically how we are going to bill electricity customers has not been taken yet."

Once source close to the project suggested the most likely solution was a separate computer system which would "talk" to the existing system. However this would not only involve heavy additional investment but also expensive modifications to the TGB system on top of the £150m so far invested.

British Gas is far from the first large company to experience serious setbacks to computer projects. Last November Hydr, the multi-utility that owns Swale and Welsh Water, scrapped a £35m computer investment which was also intended to spearhead a drive into the competitive electricity market in 1998.

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PepsiCo to spin off Pizza Hut and KFC

Tom Stevenson
City Editor

PepsiCo is expected to announce a multi-billion dollar demerger of its Kentucky Fried Chicken, Taco Bell and Pizza Hut restaurants to concentrate on the cut-throat battle with Coca-Cola for dominance of the soft drink market and its Frito-Lay snacks business.

The company's board met yesterday, although a spokesman refused to confirm or deny press reports in the US that the restaurants were to be spun off. If the deal goes ahead, it would be the first significant move by

the new chief executive, Roger Enrico, who took the reins at Pepsi last April.

Shareholders have called for some time for PepsiCo to sell or spin off its underperforming restaurants, which have failed to live up to expectations ever since the company entered the business 25 years ago.

One or more of the chains has consistently caused problems in recent years, dragging group earnings lower and soaking up the company's capital spending and management time. Analysts believe the business has failed to earn even its cost of capital.

Although restaurants are Pepsi's largest business with an estimated 36 per cent of the group's \$31.8bn (£19.6bn) in sales last year, they accounted for only about 22 per cent of its \$3.7bn profit.

A spin-off would create one of the biggest restaurant companies in the US. PepsiCo is the second-largest restaurant operator by sales in America after McDonald's.

The prospect of a demerger was welcomed by shareholders and bondholders alike, with Fitch Investors Service, the credit analysts, saying a separation would improve Pepsi's

credit quality because it would allow the company to concentrate on its soft drinks and snacks operations.

Coke has been consistently gaining market share at Pepsi's expense throughout the world, a record that has been reflected in a sharply better share price performance and the gain of some overseas bottling contracts from its rival.

Despite pumping more than \$2m into its bottling operations in recent years, Pepsi only accounts for about a fifth of the soft drink market overseas, where it also sells brands such as 7Up and Mountain Dew.

It is widely thought that the acquisitions of Pizza Hut in 1977, Taco Bell a year later, and Kentucky Fried Chicken in 1986 helped take its eye off the ball in its main battle. Last year, Christopher Sinclair, the 45-year-old head of Pepsi's global beverage operations, resigned after just four months in the job, citing personal reasons.

In 1995, the most recent figures available, Pepsi owned 5,200 Pizza Hut restaurants and had franchised a further 3,700. It had a total of almost 6,500 Taco Bell owned and franchised outlets and more than 5,000 KFC restaurants.

British banks warn over EU capital rules

Jill Treanor
Banking Correspondent

British bankers warned yesterday that European banks could suffer a serious competitive disadvantage against banks from other parts of the world, because regulators will require them to set aside more capital as a safety net against losses.

The main problem is that banks which are members of European Union states are subject to an EU law, the Capital Adequacy Directive (CAD).

This prevents the EU banks taking advantage of new international standards set by banking supervisors in Basel, Switzerland, which take effect this year. The standards require banks to put aside less of their capital to back a given amount of business. "It's an international trade issue that could disadvantage the EU and London," said Peter Vipond, assistant director of the British Bankers' Association.

The Basel supervisors have allowed banks to use more sophisticated methods - known as Value at Risk (VAR) - to calculate the amount of capital they need to cover market risks. EU banks are unable to adopt

these international standards until they have been adopted in the CAD. But, because of the slow pace of business in the European Parliament, British bankers fear they could be disadvantaged for at least two years - the length of time they believe it will take for the amendments to the CAD to pass through Parliament.

Taking London as an example, this means that a branch of an American bank, which is subject to US regulation, will need less capital to conduct its business than a British one. This makes it cheaper for the American bank to trade, giving it a competitive advantage.

It also means that a subsidiary of an American bank - in contrast to the branch, regulated by the Bank of England - will be required to set aside more capital to meet EU rules. "This creates a problem of regulatory arbitrage where trades could be booked depending on where the capital charge is cheapest," said Mr Vipond.

A subsidiary could benefit from European rules, giving freedom to trade throughout Europe while at the same time allowing them to benefit from the lower capital rules.

STOCK MARKETS				
Index	Close	Day's change	Change (%)	1996/97 High 1996/97 Low Yield (%)
FTSE 100	4271.50	+52.40	+1.2	4271.50 3632.30 3.65
FTSE 250	4616.00	+29.00	+0.6	4616.00 4015.30 3.37
FTSE 350	2115.80	+23.30	+1.1	2115.80 1816.60 3.59
FTSE SmallCap	2294.92	+9.26	+0.4	2294.92 1954.06 2.95
FTSE All-Share	2087.11	+21.84	+1.1	2087.11 1791.85 3.54
New York	6882.74	+32.71	+0.5	6882.74 5032.94 1.95
Tokyo	17909.48	-104.42	-0.6	22666.80 17303.65 0.871
Hong Kong	13610.33	-82.46	-0.6	13868.24 10204.87 3.061
Frankfurt	3033.46	+4.79	+0.2	3033.46 2253.36 1.501

Source: FT Information

INTEREST RATES									
Short sterling*			UK medium gilt			US long bond			
1 Month	1 Year		1 Month	1 Year		1 Year			
UK 6.06	6.88		7.37	7.38		7.45			
US 5.44	6.00		6.54	5.71		6.82			
Japan 0.44	0.44		2.43	2.97		6.12			
Germany 3.09	3.17		5.73	5.85		6.58			
*Parliament's Index									

MAIN PRICE CHANGES							
Rises	Price (p)	Change (p)	% Change	Falls	Price (p)	Change (p)	% Change
British Biotech	230	21.5	10.3	Burton Group	155	6.8	4.2
Orkney Bus. Sys	577.5	32.5	6.0	Adams WVS	338.5	13	3.7
London Clubs Int	345	15	4.5	Barrett David	275	10.5	3.7

CURRENCIES

\$/£

Year	Rate
1980	1.60
1981	1.65
1982	1.55

\$/DM

Year	Rate
1980	2.70
1981	2.75
1982	2.65

\$/¥

Year	Rate
1980	200
1981	210
1982	190

When the last exchange rates and US Bond yields at 12:00 hours

Pound

	Yesterday	Change	Year Ago
\$ (London)	1.6279	-2.59c	1.5147
\$ (NY)	1.6285	-3.45c	1.5080
DM (London)	2.6682	-4.51p	2.2361
¥ (London)	194.589	-72.005	161.293
£ Index	95.8	-1.4	83.1

Dollar

	Yesterday	Change	Year Ago
£ (London)	0.6143	+0.06	0.6602
£ (NY)	0.6141	+1.28	0.6631
DM (London)	1.6390	-0.17p	1.4763
¥ (London)	119.540	+0.66	106.465
£ Index	101.3	+0.4	97.3

OTHER INDICATORS

Yesterday	Day's change	Year Ago	Index	Latest Yr Ago	Next Figs			
Oil Brent \$	22.88	+0.55	16.63	RPI	154.4	+2.5pc	150.6	13 Feb
Gold \$	349.00	-1.95	407.00	GDP	108.9	+2.3pc	105.7	27 Jan
Gold £	214.39	+2.18	268.70	Base Rates	—	6.00pc	6.75	—

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COMMENT

'It only demands a modest rise in interest rates to skim the froth off the expansion and keep inflation on course to meet its target this year and next'

BoE tells banks not to relax lending standards

Jill Treanor
Banking Correspondent

The Bank of England yesterday warned commercial banks not to relax their lending standards in the wake of the recent fall in interest rates. The bank said that while it was pleased to see the economy beginning to recover, it remained concerned about the risk of inflation. It said that it would be keeping a close eye on the situation and would be ready to raise interest rates if necessary.

Spectre of the late Eighties rattles its chains

One person who will not have been surprised by the pound's sharp fall yesterday is Eddie George, Governor of the Bank of England. In the Bank's last Inflation Report, published in November when sterling had climbed only halfway towards its recent peak, it warned that the reason for the exchange rate rise was the expectation that base rates would be going up again. If that did not happen, the currency would suffer a reversal, the Bank said.

And so it has. Although criticised by many City experts for arguing that a strong pound was not a substitute for higher interest rates, the Bank's analysis has been vindicated.

The spectre of the late 1980s is rattling its chains. Keeping interest rates low because of a strong exchange rate in 1987 was one of the main forces driving the Lawson boom. The domestic economy, led by the service industries and London, is booming again now – perhaps not on the same scale as a decade ago, but it still deserves the description.

It only demands a modest rise in interest rates to skim the froth off the expansion and keep inflation on course to meet its target this year and next. That would also help deliver a sensible correction in share prices, which must be vulnerable to a sharper fall later if they continue to set new records day in, day out.

The other side of the coin is that the strong pound was undoubtedly beginning to hurt manufacturers. But to go for the easy policy option of unchanged interest rates and a con-

forably weaker pound won't necessarily benefit them long term. The likely consequence of choosing this route is over-rapid consumer spending and higher inflation. For that all you get is a short-term fix for manufacturing, now less than a quarter of the economy.

Mr George was not Governor in 1987 but played a big role in the discussions then. Chancellor Lawson opted for the low interest rate, weaker pound combination, and we can remember the results of that. Anybody with negative equity as a result of the housing boom and bust is still living with the policy mistake. And so did manufacturing in the subsequent downturn.

Mr Clarke is facing the dilemma for the first time. He's also got a general election coming up within a few months. But let's not hear any of that guff about the decision being a finely balanced one on economic grounds. Given Britain's dismal record as a high-inflation country whose currency loses its value over the long run, this time policy should err in the other direction. Until it does, there is no chance whatsoever of sterling becoming the "safe haven" currency dreamt of by some of Mr Clarke's Eurosceptic colleagues.

ally going to become one. With news of yesterday's buyout bid, the Cadbury and Greenbury codes on corporate governance and pay, which never seemed to mean a great deal to him, can now safely be buried altogether.

For a time there, it looked as if Mr Cook would be toppled, not so much because the City didn't believe his claims that the company was worth much more than Triplex Lloyd was bidding, but because investors were heartily fed up with what was widely seen as a cavalier approach to capital markets. They were as a consequence preparing to sell him out.

Mr Cook made so little effort to keep analysts and investors informed about progress down the years that forecasts made during the Triplex bid of better than expected profits were met with widespread incredulity. Promises to mend his ways by appointing more non-executives and splitting the role of chairman and chief executive always sounded a bit hollow, coming from someone who once described his £1.5m golden parachute as "a pittance".

It was also quite difficult to reconcile his claim that William Cook was worth at least double Triplex Lloyd's original 309p offer when a month before the bid was launched both his pension fund and William Cook bought back shares in the company at prices between 239p-248p a share. But Mr Cook gets the last laugh.

Now up pop some venture capitalists but not only believe his valuation arguments, but

don't appear to give a fig about all those corporate governance concerns either. It seems unlikely that Triplex Lloyd can come back, given the hammering its share price has taken during the course of this bid. Nor can it really afford to surprise at the turn of events. On 20 December it said in a circular: "If William Cook really believes it is worth very substantially in excess of Triplex Lloyd's offer, it should set about finding someone prepared to pay that price because it does not appear able to deliver this value on its own." Oh dear.

Michael Foot, the Bank of England's executive director in charge of supervision, gave another timely reminder yesterday that this is the point in the cycle at which, in the worst cases, banks think they can walk on water.

Some of our biggest banks, organisations that in theory make a living out of judging risks correctly, have in the past been very bad at doing just that.

But there has been progress since the lending howlers exposed by the last recession. These days banks have much better systems for pricing and assessing risks. The old approach was often not much better than sticking a thumb in the air to see which way the wind was blowing.

Even so, statistical analysis can itself contain traps for bankers trying to look forward at the likely impact of the next downturn. This is especially the case if the assumptions on which their work is based are flawed. There are also important areas of lending, such as to large companies and to governments, where subjective judgement is still always required.

Even in a world of low inflation growth there is still plenty of scope for bad lending. Fraud, technical innovation – which can make some markets disappear altogether – and just the simple lending error all await the uncautious banker. It is quite possible that the next cycle of banking mistakes will be less ferocious than in the 1980s, but it is bas'n't gone for good. Of that we can be certain.

Banking mistakes will come around again

Sounding like Eeyore, the lugubrious Strind of Christopher Robin for whom good news is always another excuse for gloom, has long been part of a central bank supervisor's business. And actually it makes perfect sense for anybody who has had a bird's eye view of the banking industry over several economic cycles. Come what may, dangers will be dropped as growth gives way to recession, and cast iron propositions agreed during a lending boom turn out to be as full of holes as a colander.

Another inevitability is that during the upturn, lots of clever people deliver rational arguments that say the cycle has changed, banks have learnt and the next downturn will be less ferocious in character.

Cook plans buyout to thwart Triplex

Patrick Toohy

The battle for control of Sheffield-based steel castings group William Cook took a highly unusual turn yesterday when Andrew Cook, the company's executive chairman, unveiled plans to lead a £80m management buyout to thwart a hostile bid from engineering rival Triplex Lloyd.

The surprise move to take William Cook private means the 60-day bid clock will start ticking all over again when the management buyout team sends its offer document to William Cook's shareholders, probably next week.

At 425p a share Mr Cook's cash bid, backed by venture capitalist group Electra Fleming, tops Triplex Lloyd's latest cash and shares offer, worth 386.5p at last night's close. Shares in William

Cook, temporarily suspended early yesterday at 375p pending an announcement, ended 45p higher at 420p while Triplex Lloyd was 2p better at 190p.

Mr Cook is selling his 4.6 per cent stake in William Cook and reinvesting it in Steel Castings, the vehicle formed by Electra to launch the buyout. He will retain his role as executive chairman in the new company.

Another 21 senior managers will also invest in the buyout.

Analysts were surprised at the latest twist in the often acrimonious takeover saga which began in November when Triplex made a hostile £58m offer.

"Nobody saw this coming on the horizon at this late stage in the bid," said John Dean, analyst at stockbrokers Albert E. Sharp. "It is a very unusual form of 'white knight'."

Sources familiar with the

takeover said the Cook camp had been in discussions with Electra about a buyout since Christmas, but Triplex's revised offer had forced its hand.

Triplex Lloyd said it reserved the right to raise its offer again for William Cook and was considering its position in the light of the proposed buyout.

"It is the logical conclusion of Andrew Cook's strategy of retreat," said Graham Lockyer, chief executive. "Triplex Lloyd alone offers the opportunity for existing shareholders to participate in the future potential of the combined group."

Triplex Lloyd raised its offer on Tuesday to 21 new Triplex shares and £57.40 in cash for every 20 William Cook shares. There is a 383.4p cash alternative. Triplex's shares fell sharply after it increased its offer amid fears it was overstretching itself.



Rejuvenated: John Hoerner, the American chief executive of Burton who has turned the group around. Debenhams remains the group's star performer

Christmas lift for Burton

Nigel Cope

Burton became the latest high street retailer to report an encouraging though unspectacular Christmas yesterday. While womenswear performed well in both Debenhams and the multiples such as Evans and Dorothy Perkins, sales of menswear were "not as good".

Burton's announcement leaves only Marks & Spencer of the big retailers yet to report its Christmas trading statement. Of the supermarket groups Sainsbury will issue a trading update today.

Burton, which has been rejuvenated under chief executive John Hoerner, said group sales in the 20 weeks to 18 January were 11.1 per cent ahead of the same period last year. Debenhams and the chain stores contributed 7.3 per cent of the growth. The remainder came from Burton's recent mail order acquisitions, Innovations and Racing Green.

Burton also reported that its margin increased by a full percentage point over the year.

Debenhams once again proved itself to be the group's star performer. It increased sales by 9 per cent with the two new stores in Dublin and Lincoln performing well.

Two more stores will open in the Leeds White Rose Centre and at Barrow in Furness in the spring.

Speaking to shareholders at the group's annual meeting yesterday, Burton chairman Sir John Hoskins said the group was starting to integrate Innovations and Racing Green, both acquired last year.

Though the trading statement was in line with expectations, Burton shares closed 6.75p lower at 155p, largely on profit-taking.

Investment Column, page 22

Daimler managers face axe

Inre Karacs
Bonn

Daimler-Benz, Germany's largest industrial company, announced plans yesterday to slim down its management structure in an effort to maximise shareholders' earnings. The biggest casualty in the long-awaited reorganisation is Mercedes-Benz, the car subsidiary, which will be merged into the parent company on 1 April.

The restructuring, which was approved by the company's supervisory board yesterday, cuts the number of business units from 35 to 23, abolishing middle and upper layers of

management in the process. Daimler declined to comment on how many managers would be made redundant, or on estimates by analysts that possibly 1,600 senior jobs would be lost. All business units will report directly to the new 10-member board of management.

"As a result of the restructuring, the divisional managers will have a significantly larger measure of responsibility, and will be able to function as true entrepreneurs," the company's chairman, Jürgen Schrempp, said.

"This will encourage fast and flexible decision-making which will enable Daimler-Benz to secure and improve its competi-

tive position in the international marketplace."

Analysts agree that the company's cumbersome structure has long been due for an overhaul, but remain divided about the wisdom of abolishing the autonomy of its most successful subsidiary, Mercedes-Benz, which was responsible for the bulk of the DM1.6bn (£560m) profit estimated for 1996, carrying the burden for other units such as the aeronautics division Dasa which is barely breaking even.

Insiders suspect the fate of Mercedes was sealed by a long-running power struggle between its chairman, Helmut Werner, and Mr Schrempp, who emerges

from the overhaul with greater control. Mr Werner resigned in disgust last week. A cur company statement issued yesterday "thanked him for his outstanding achievement to the group".

Analysts point out that whereas Mr Werner was a respected figure in the motor industry, Mr Schrempp, who will now have the final say over new models, worked his way up in Daimler Aerospace.

But there is no disputing Mr Schrempp's achievement in turning around Germany's industrial giant. After a record operating loss of DM5.7bn in 1995, Daimler-Benz was nudged back into the black last year.

Venture capital threatened by Big Six move

Roger Trapp

The Big Six leading accountancy firms are threatening the future of the venture capital industry by planning to operate a cartel under which they will limit their liability on due diligence work, claims the British Venture Capital Association.

It says in a submission to the Office of Fair Trading (OFT) published yesterday that the proposed agreement by such firms as Coopers & Lybrand, KPMG and Arthur Andersen would "seriously restrict competition" between the accountancy firms. It also argues that it would "interfere with the rights and ability of BVCA members to negotiate agreements for due diligence services on an individual basis".

The move follows the Big Six's application to the OFT last autumn for approval of a £25m cap on damages arising out of claims, mostly in the management buyout field, as part of the firms' long-running campaign to protect themselves from companies' increasing willingness to sue. One firm, KPMG, has already incorporated its audit arm and at least two others are planning to set up limited liability partnerships in Jersey to

give their partners greater protection from law suits.

Under the Companies Act, accountants are prevented from agreeing a limit on their liability relating to audits. But they say that the Department of Trade and Industry has encouraged them to tighten up their risk management by limiting liability in such areas as corporate finance.

Martin Gagen, chairman of the BVCA's legal and technical committee, said he could understand accountants' concern about the prospect of large liabilities, but added that the agreement was "an unwarranted uniform imposition". The terms might appear reasonable, but in fact "sought to protect negligent firms by an unfair transfer of risk to financiers suffering a loss".

"The Big Six are exploiting their 'cartel' position by reducing the level of competition amongst them and are removing the rights of venture capital firms to negotiate terms for accountancy services on an individual basis."

However, Graeme Robinson, an Ernst & Young accountant who sits on the committee, argued that the planned agreement was the result of discussions with venture capital houses and followed legal advice.

IN BRIEF

- A consortium including United Utilities has won one of two contracts to take over the running of water and sewerage services in the Philippines. The 25-year deal, requiring investment of \$1.7bn (£1bn), involves the company taking a concession to operate the water system for the east of the capital, Manila, with its partner Bechtel through a joint venture called International Water. Initially the United Utilities consortium will inject \$80m of equity into the consortium, which will serve 4.6 million customers out of Manila's total population of 12 million. United Utilities said there was a good prospect that the new water operation could be ultimately be floated. One task will be to clear up Manila's basic or non-existent sewerage systems, a major cause of cholera.
- The British Bankers' Association is urging mortgage lenders to start disclosing the way they account for mortgage incentives worth hundreds of millions of pounds a year, following a warning from the Bank of England. The banking industry's trade association has published a consultation paper which tightens up current practice. The Bank warned last May that "caution needs to be exercised in the methods of accounting which are adopted for any schemes used to induce business". Problems arise because mortgage lenders do not have to disclose whether they are paying for the incentives during the financial year in which they are granted, or whether they are spreading the cost, or amortising it, over a number of years. Lenders also do not have to disclose the period over which they are spreading the cost.
- Royal Bank of Scotland expects to create 200 jobs in Southend over the next five years after it opens new premises there for the bank's Credit Card Centre. Chairman Lord Younger said the move is necessary because of the growth in its credit card business.
- BZW believes the current bull market has further to run, despite shares being overvalued by historical standards. The investment bank's latest annual study of investment trends dating back to 1918, the BZW Equity-Gilt Study, puts the annual real return on equities at 12.9 per cent since the current upswing in the market began in 1981. That is more than double the 7.9 per cent long-run average, but Michael Hughes, head of BZW's economics and strategy, said he saw no reason for the sort of rise in interest rates which would bring the latest run to an end. A correction was more likely to come in 1999, during the next upturn in the economic cycle, he said.
- Singapore has reached an agreement with the US to open aviation markets to allow unrestricted air travel between the two nations. The "open skies" agreement, part of a broader US push to gain greater access to Pacific Rim destinations.

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British banks turn over EU capital rules

business

Medeva link-ups boost drug shares

Magnus Grimond

Medeva, the pharmaceutical group, yesterday prompted share price rises across the sector after unveiling collaborations with two biotechnology companies and an upbeat statement on its drugs pipeline.

Peptide Therapeutics saw its shares jump 47.5p to 289p after Medeva said it was spending £5m taking a 2.5 per cent stake in the Cambridge-based group at 340p a share and transferring to it a portfolio of vaccines.

In a separate deal, Medeva is taking on the full clinical development of a "chiral" form of its methylphenidate behaviour-modifying drug from Chiroscience, whose shares rose 9p to 327.5p. Medeva's shares ended 8.5p higher at 288p.

The positive news dragged up shares in British Biotech, the UK biotechnology industry's biggest group, by 21.5p to 230p, while Celis also saw a 2p rise to 112p after announcing a new marketing alliance for its System-Sure hygiene monitoring system with Diversy, part of Unilever.

The Peptide deal will see Medeva hand over certain intellectual property rights to oral and nasal vaccine technology for a consideration of £1m, with a further £1m contingent on development work to be carried out by Medeva over the next two years.

One of the best short-term prospects relates to a vaccine against E. coli, the bacteria which has killed 17 people in Scotland in one of the worst outbreaks ever. Clinical trials on that are likely to start next year, while phase one tests on a nasally administered flu vaccine and phase two trials of an oral typhoid vaccine are both due to begin later this year.

Medeva's chief executive, Bill Bogie, said it would retain the right to commercialise the products, giving a royalty to Peptide. The market for vaccines, which was worth £2.1bn in 1995, is expected to double over the next few years.

Meanwhile, analysts welcomed the methylphenidate news as underwriting the future growth prospects for the drug, which in its normal form is Medeva's main product. Chiroscience said a phase one study involving 12 healthy adults had confirmed the tolerability of the new formulation and had demonstrated dosing advantages. Medeva will now take it

into commercial development, leading to a regulatory filing expected in the second half of 1999 in both Europe and the US, and will also finance the scaling up of the manufacturing process.

The success of a chiral, or more chemically pure, form of methylphenidate would allow Medeva to patent what is currently just a generic form of Ciba's Ritalin, used in the control of unruly children. Some of the possible benefits of the new drug are that it could be used at half the dose, offer fewer side effects and be more reliably effective across a greater range of people, Mr Bogie said.

Medeva also reported an encouraging response to both the latest phase three trials of its Hepagene compound as a vaccine against hepatitis B and proof of principle tests for its efficacy as a treatment for the disease.

Mr Bogie said Medeva would apply for a licence to sell the vaccine in the US and Europe in 1998 to access a market of 500,000 doses a year. It would decide by mid-year whether to move to commercial development of Hepagene in its treatment form, he added.

Burton still needs to build sales

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

John Hoerner, the amiable American who has turned around Burton, is fond of saying that just because the group's recovery is more or less complete, it does not mean that there is nothing left to play for. "This is not the beginning of the end, it is the end of the beginning," is the way he puts it. In a way his comments echo Archie Norman's "from recovery to breakout" slogan at Asda, another corporate basket case that has been successfully rejuvenated.

The Burton group has been stabilised for some time now with price-cutting a thing of the past and margins by and large restored. Though margins are still poor at Burton Menswear, Principles and Top Man, the challenge has moved on to building sales.

If the good run of Burton shares is to continue, however, Burton needs to improve turnover growth more than it has been.

This made yesterday's trading statement at Burton's AGM interesting reading. Total group sales in the 20 weeks to 18 January were 11.1 per cent ahead of the same period last year. Of this, 3.8 percentage points were contributed by the recent mail order acquisitions: Innovations and Racing Green. Though no specific figure was issued on like-for-like sales increases, the figure is estimated at around 6.5 per cent.

While Christmas and new year trading was good in the womenswear multiples and in Debenhams, menswear sales were less impressive. Debenhams like-for-like sales were encouraging at 7.4 per cent but Burton sales were only slightly ahead.

Two new Debenhams stores have been added in Dublin and Lincoln and are performing in line with expectations. A further two outlets will open in the Leeds White Rose Centre and in Barrow in Furness in the spring.

There was more good news on margins with the gross figure up by a full percentage point. Costs are being held in line with earlier indications.

As a group Burton has only recently started to drive sales higher after a period between 1993 and 1995 when they went nowhere. Sales this year should be £400m higher than two years ago.

The shares have had an extremely good run, rising from 51p in 1994 to 155p, though they showed a 6.75p drop yesterday as some investors took profits. Looking forward, Burton's mail order acquisitions look promising, though they are not expected to contribute to profits in the short term. Burton plans to have all its brands on catalogue over the next two years.

Added to this is the positive sentiment in the market, where the City believes in Mr Hoerner and is confi-

dent that he can finish the job he started. On full-year profit forecasts of £185m the shares trade on a forward rating of 18. Not cheap but still worth holding.

Morland has a lot on its plate

Morland, the Oxfordshire-based pub and brewing group most famous for its Old Speckled Hen strong ale, has read its Henley Centre forecasts as closely as anyone else and knows that the eating out market is set to grow at a handsome lick for the rest of the decade and beyond. It also knows that it has lagged its peers in the sector in building a meaningful position in the restaurants market, so yesterday's acquisition of 24 Exchange bars from Allied Domecq came as no surprise.

Exchange is a TGI Friday-style American diner which takes Morland away from its retail expertise in managed pub brands such as the Newt & Cucumber and Wig & Pen. But it has plainly been undermanaged by Allied,

which has more pressing problems on its plate, and there is scope to increase Exchange's returns.

That is just as well, because with a price tag of £32m, Morland will have its work cut out to generate a level of profits that matches its cost of capital. One analyst calculated that profits would have to rise from under £2.5m to about £4.5m to make the deal earnings enhancing. That sounds like a big leap but with half the sites suffering from flat sales in good locations where they really should be thriving, improvement should be achievable.

The deal, which is to be part-financed by a one-for-six rights issue at 500p, with the rest coming from debt, was broadly welcomed by the City yesterday, with the cash call leaving the shares hardly changed. They closed 2.5p lower at 585p.

That, however, is well down on the 670p the shares reached last spring and Morland is in something of a rut, which probably reflects its slowness in hopping on the food bandwagon. Buying these bars, and the 16 pubs from Whitbread that were separately announced yesterday for £3.4m, is plainly the right type of deal, but the price is

full and it is not big enough to really transform the balance of Morland's business.

On a prospective price-earnings ratio in the low teens, Morland, in keeping with its peers in the regional brewing sub-sector, does not look expensive. With fairly pedestrian growth pencilled in by the brokers, however, the rating is harsh but fair.

Lookers stays in low gear

The motor distribution sector is turning into a two-tier market of winners and losers. At the top end of the scale, companies like Reg Vardy, Pendragon and Sanderson Bramall trade on market average ratings or even slight premiums. At the other end, a number of companies are in danger of sliding off the bottom of the scale.

There is no better example of that than Lookers, the Manchester-based distributor which yesterday announced profits for the year to September of £8.1m, up from £6.4m the previous year but only thanks to the acquisition at the beginning of 1996 of Charles Hurst, a Northern Ireland car dealer. After a dramatic fall from grace over the past three years, Lookers is now deemed to be worth only eight times expected earnings this year and the shares yield 8.6 per cent, twice as much as the rest of the market.

Why that should be is slightly puzzling. Results for the year to September were dull but they hardly threatened the collapse that Lookers' rating would imply. Earnings per share of 15.5p were slightly ahead of last year's 15.1p and the final dividend of 5.4p made for a full-year total of 8p, just better than last year's 7.9p. The Charles Hurst acquisition appears to be bedding in quite satisfactorily even despite the resumption of hostilities in the province.

But back in England the problems that have dogged the sector remain as insoluble as ever. Retail sales, the only really profitable part of the trade, remain sluggish while the growth has come from the highly competitive, low-margin fleet sales area. There are simply too many dealers chasing too few sales. In addition, Lookers suffers from a heavy exposure to Rover, itself struggling, and Vauxhall.

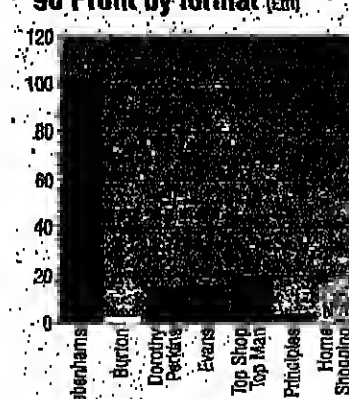
Profits of £9m this year and £9.5m next suggest pretty anaemic growth and little chance of much of a re-rating. The shares, which have fallen from 275p in 1994, are likely to remain dull.

Burton : at a glance

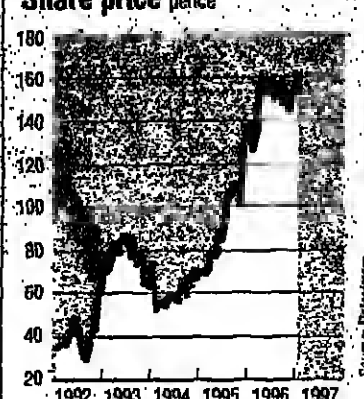
Market value: £2.2m, share price 155p

Trading record	1992	1993	1994	1995	1996
Turnover (£m)	1.7	1.9	1.9	1.9	2.0
Pre-tax profits (£m)	(4.1)	16.3	41.1	98.6	161.6
Earnings per share (pence)	0.5	0.9	2.1	5.2	7.8
Dividends per share (pence)	2.0	2.0	2.0	2.2	2.8

'96 Profit by format (£m)



Share price price



3i chief executive surprises City with early retirement

Peter Rodgers
Financial Editor

Ewen Macpherson yesterday surprised the City by announcing he is to retire early as chief executive of 3i, the venture capital group he steered to a stock market flotation in 1994.

A spokesman said the departure was "very straightforward". There was no disagreement and no question of a payoff to Mr Macpherson, who has been with 3i for more than 25 years.

Mr Macpherson said: "I shall not be retiring from business life but, at the age of 53, I am looking forward to new challenges."

I shall be continuing my non-executive activities at Scottish Power and M&G Group."

A 3i source said: "He surprised quite a lot of people, but he could have stayed as long as he wanted." He is understood to have come back to his office this week after his 55th birthday on Sunday and told colleagues of his plan to depart in the summer. In the City, there was speculation that he would soon be in line for a non-executive chairmanship.

Mr Macpherson is to be succeeded in July as chief executive by Brian Larcombe, 43, the finance director. Martin Gagen

and Peter Williams, joint heads of the UK investment business, are to join the 3i board as executive directors.

As well as earning a full pension from 3i, where he was paid £392,000 in the year to March 1996, the accounts show that Mr Macpherson held share options which at last night's price would have given a paper profit before tax of just over £2m.

Sir George Russell, chairman of 3i, said Mr Macpherson had steered 3i through a period of substantial change and development. "Many of the achievements are due to Ewen's vision, determination and persistence."

London Clubs takes a stake in Vegas

Tom Stevenson
City Editor

London Clubs International, owner of the Las Vegas casinos and Ritz gaming clubs, is moving from its luxury West End heartland to take a stake in a hotel and casino on Las Vegas's brass main boulevard, known as "The Strip".

LCL said yesterday it was investing \$50m (£31m) for a 25 per cent stake in Aladdin Gaming, a casino operator which has just received approval for a giant 2,600-room hotel development with a 125,000 square foot main casino floor and a themed entertainment and shopping mall.

Alan Goodenough, chief executive of London Clubs, said: "We are very pleased to be entering the world's largest gaming market with Aladdin. The redevelopment and expanded Aladdin Hotel and Casino will allow London Clubs to offer an entirely new standard of luxury in the Las Vegas market."

Aladdin said it had been attracted to London Clubs because of its expertise in running so-called "saile privé" gaming clubs. The expansion of the Aladdin casino will include the development of these top-of-the-market gaming facilities. Jack Sommer, chairman of Aladdin, said: "We are bringing the premier international gaming company to the entertainment epicentre of the world."

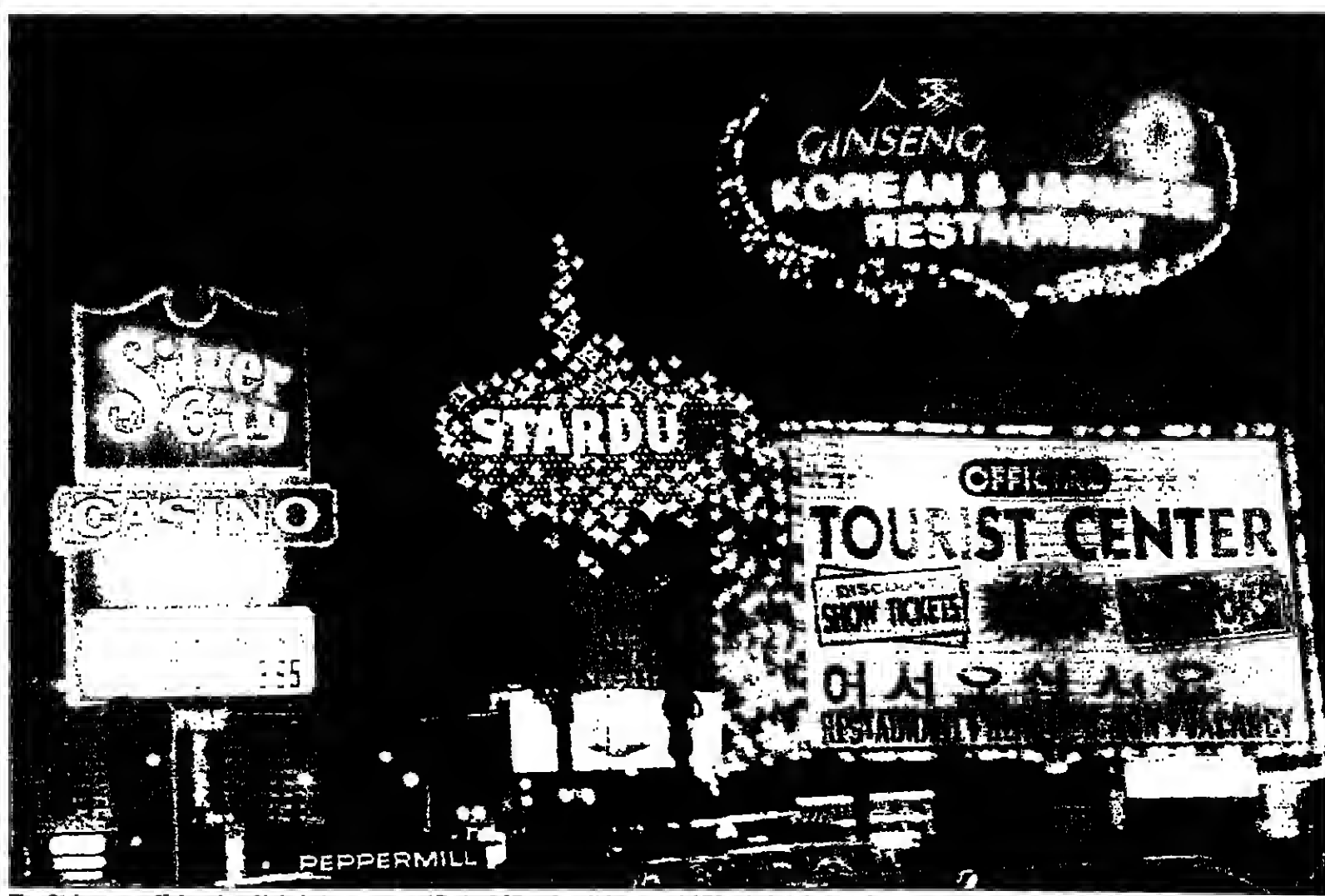
London Clubs, now worth about £430m after tripling in value in the past two-and-a-half years, has been expanding its business rapidly in Europe and the Middle East since it floated on the stock market in June 1994. The Aladdin project is London Club's first gaming

venture in the US, and is thought to be the first big operational involvement in a Las Vegas Strip hotel by a publicly quoted European company.

As well as taking a 25 per cent stake in the underlying property of the Aladdin and its gaming

operations, LCL will have total responsibility for the operation of the venture's "premium player" activities, which will have 30 tables and 100 high-level slot machines. LCL will have a seat on Aladdin's board.

The market welcomed the move yesterday, with London Clubs shares closing 15p higher at 345p, helping reverse the weakness in the price since interim figures in December highlighted a shortage of high rollers at the company's leading casinos in the capital.



The Strip pays off: London Clubs' shares rose 15p to 345p after it invested \$50m in Las Vegas-based Aladdin Gaming

IN BRIEF

• Ryland, the motor group, has abandoned bid talks it was holding with an unnamed suitor. The company's shares dropped from 100.5p to 88p on the news. A spokesman said: "It's our unanimous belief that the benefits of our strategy and our strong manufacturing relationships are becoming clear and shareholders' interests are best served by continuing to develop these strengths." Ryland also released results for the six months to 31 October, showing a 29 per cent jump in pre-tax profits to £2m.

• Airtours, the second-largest tour operator in the UK, said the outlook for this year in all its main markets showed an improvement over the previous year. David Crossland, chairman, told the annual general meeting that higher demand had led to higher load factors in all of the company's businesses. In the UK, Airtours Holidays winter bookings were 10 per cent up and market capacity appeared to be at the same level as last year. Airtours' summer bookings were now cumulatively 48 per cent higher but the figure will fall as stock is sold.

• Camas has sold the highway construction, highway maintenance and surfacing activities carried out by Camas Associated Asphalt for £7.6m cash to a management buyout team. The deal has been financed by Gresham Trust and the Bank of Scotland. Camas will retain the regional surfacing operations based in Exeter, Bedford and Thetford, and the asphalt coating plant in Depford, which has been integrated into its core construction aggregates business.

• Bill Orde, a founder member of Sunbelt, has quit as an executive director of The Television Corporation. He is setting up World Sport Broadcasting, a new subsidiary of TTC, to develop several broadcast concepts for radio and television. Projects include a 30-minute weekly radio sports programme for international distribution, six one-hour television documentaries commissioned by an international manufacturer and programming for next year's World Cup in France.

• Marling Industries has sold its Muller Elastics healthcare products group to Tytex of Denmark for £2.5m. The company said it would incur a net £5.4m loss on the disposal, but the sale would enable it to focus investment on its seat-belt webbing operations. The disposal proceeds will be used to reduce debts.

• William Ransom, which makes pharmaceutical products and extracts plant material for food, flavours and cosmetics, said all its marketing groups recorded growth in the half year to September with some customers taking delivery of orders earlier than usual.

• MY Holdings, maker of packaging products, said trading so far this year had been good with strong demand in its healthcare and food divisions. John Monks, chief executive, told the annual meeting the group was confident of a satisfactory increase in profits for the first half, helped by increased volumes, improved efficiencies and benefits of the capital expenditure programme.

• Parkland, maker of textiles and worsted fabrics, increased half-year taxable profits by 39 per cent to £1.45m. Turnover rose from £24.6m to £35.8m. The improvement reflected organic growth and contributions from acquisitions. The interim dividend is 2.4p, a rise of 9.1 per cent.

• John D Wood, the estate agency, announced a rise in interim pre-tax profits from £231,000 to £795,000. House prices in Wood's selling area in London have soared by almost 20 per cent. Earnings per share were 6.1p, up from 1.8p. The interim dividend is being raised from 0.5p to 1.25p.

Company Results

	Turnover £	Pre-tax £	EPS	Dividend
Al Bell (H)	4.62m (4.27m)	0.17m (0.08m)	1.57p (0.84p)	nil (-)
Indalex (I)	13.0m (13.8m)	0.24m (0.33m)	0.32p (0.77p)	0.3p (0.3p)
Lookers (P)	5.13m (5.09m)	0.09m (0.04m)	15.5p (15.1p)	8p (7.9p)
Magnesium Power (I)	0.29m (0.33m)	-1.65m (-1.37m)	-3.5p (-3.07p)	nil (nil)
Pendragon Group (P)	35.8m (24.6m)	1.45m (1.05m)	9.7p (10.2p)	2.4p (2.2p)
Principles (L)	11.1m (6.7m)	5.21m (1.98m)	1.07p (0.81p)	- (-)
William Ransom (I)	4.90m (4.27m)	0.40m (0.34m)	1.73p (1.44p)	0.85p (0.77p)
Ryland Group (I)	20.1m (15.5m)	2.0m (1.55m)	4.72p (3.55p)	nil (1.17p)
John D Wood (I)	4.67m (3.64m)	0.90m (0.23m)	6.1p (1.8p)	1.25p (0.75p)

(P) - Profit (I) - Interim

Premium income rises 1.9% at United Assurance

Nic Cicutti

United Assurance, the insurer created out of the recent merger of United Friendly and Refuge Assurance, two home service companies, yesterday announced an increase of 1.9 per cent in premium income to £66m in 1996.

The slight overall increase masked differences between both companies in the premiums received. Refuge's ordinary branch business grew slightly from £8.2 to £8.4m in 1996. United Friendly's income dropped marginally to £9.6m. On the industrial branch side, where premiums are collected

door-to-door, Refuge's income dipped to £11.9m, while United's dropped by £1.6m to £7.5m.

Nevertheless, the results were welcomed by the merged company's group chief executive George Mack: "Overall, business performance was broadly in line with expectations, maintaining progress in the latter part of the year, following the announcement of the merger."

"Our immediate priority is to continue with the integration of the two organisations as quickly and effectively as possible, while at the same time minimising any disruption to the production of new business."

Despite the relatively static flow of regular premiums, the merged organisation's PEP and unit trust income rose 53 per cent to £38m, underlining a growing trend for savers to opt for one-off investments rather than stick to long-term schemes.

Both companies merged to become a new £1.5bn insurer late last year, in a move expected to cost up to 1,800 jobs, a quarter of staff in both organisations, this year.

The merger reflected long-running contractions being suffered by the UK insurance industry, hit by rising costs and over-supply in an increasingly competitive market.

Chelsea joins with Geldof to launch radio station for fans

Rob Brown
Media Editor

The rapid commercialisation of football showed no sign of abating yesterday when Chelsea announced it was teaming up with Bob Geldof's independent production company, Planet 24, to launch a radio station for fans of the London club.

Chelsea football club, which is owned by the publicly quoted Chelsea Village, is following in the footsteps of its big rivals, Manchester United, Newcastle United and Blackburn Rovers, which have pioneered club radio, a business that is already well-established in the US.

Radio Chelsea will be backed by advertising and will broadcast from 8am to midnight on home match days, using a restricted licence granted by the Radio Authority. Its coverage will revolve around the club's matches, offering a running commentary of the game along with pre-match build-up and post-match analysis.

Announcing the planned venture yesterday, Chelsea's special projects manager, Chris Manson, said: "We are very conscious of the fact this is a community devoted to Chelsea and we want to contribute to that sense of community."

Planet 24 Radio, said: "Obviously this is a commercial deal. But it is also a great opportunity for us as an independent producer. It gives us the airtime we need to show what we can do."

Celebrities who support Chelsea, such as MPs David Mellor and Sebastian Coe, and racing driver Damon Hill, are likely to pop up as guest presenters.

Planet 24, creator of Channel 4's *The Big Breakfast*, was part of a consortium which failed a few months back to win a licence to start up a radio station specially pitched at homosexuals in London.

business

Why equities beat cash and gilts hands down

The latest *Equity-Gilt Study* from Barclays de Zoete Wedd, the investment bank, always makes fascinating reading. But the publication of this annual look at the performance of equities, gilts and cash over most of the years of this century holds more than usual interest this year as stock markets on both sides of the Atlantic hit new all-time peaks.

Investors mesmerised by the heights equities are reaching would do well to take stock of how shares have performed over the long term and whether any lessons can be learnt about the future, particularly in view of the many Jeremiahs forecasting a crash in 1997.

First, the conclusions of the past. It will probably come as little surprise to most seasoned investors that equities have massively outperformed both gilts and cash since the end of World War One, when the BZW study begins. From 1919 to 1996 shares have turned in an inflation-adjusted "real" return of 7.86 per cent a year, against just under 2 per cent for government bonds and less than 1.5 per cent for cash. In the words of Michael Hughes, BZW's head of economics and strategy, investors are being paid a 5.9 per cent premium for the extra risk of holding shares.

This margin looks high, given the history. For one thing, there have been times when cash has hardly been as safe as houses. During the last war it turned in a negative annual return of 2.69 per cent, while anyone who kept their wealth in cash during the decade covering the 1970s would have lost around 28 per cent of it in real terms.

But the risk of holding equities also looks grossly overstated, at least over long periods. BZW calculates that the chance of equities outperforming both gilts and cash is around 70 per cent over two years, rising to a massive 96 or 97 per cent over 10 years. That said, there have been lengthy periods when investors have needed strong nerves: during the late 1930s and the

Magnus Grimond delves into a new study by BZW which makes a strong case for share investment

1970s, shares produced several consecutive negative years, with 1974 recording a whopping 58 per cent loss.

The facts, however, speak for themselves: £100 put into the stock market in 1918 would now be worth £786.30, whereas a similar investment in gilts would have been virtually wiped out, being worth just £3.10 now.

So the first lesson from BZW is that everyone should be in equities if they want to protect their wealth. The second is that, if they can, they should reinvest the income. Ploughing back dividends into the stock market would have turned that same £100 into £36,528 over the past 78 years, with around two-thirds of the return coming from the dividend yield. Including dividends, it means

higher rate tax payers have enjoyed a real annual return of 3.9 per cent, comfortably above the average 2.1 per cent growth in the economy.

Clearly, however, wealth is not just for hoarding and most investors do not operate on the three- or four-generation timescale of the BZW study. There are times when selling equities is more profitable in the short term than holding them, so Mr Hughes' conclusion that "investment is more about direction than valuation" seems axiomatic - if an investor knows the direction of the next trend in the market, he can clearly ignore any fundamental valuation methods. But his point is that turning points tend to be dictated by competition for money between the economy

and the stock market, which forces up interest rates, rather than any sudden over- or under-valuation in itself.

The \$64,000 question is what this means for the market. The current upswing has been running since 1981, according to BZW, when long bond yields topped out. "When you have a very long-term bull market, it's unlikely to end with a whimper. In other words, you get things so overvalued that the correction is normally quite severe," Mr Hughes warns. But he reckons we will not be at that stage until the end of the decade.

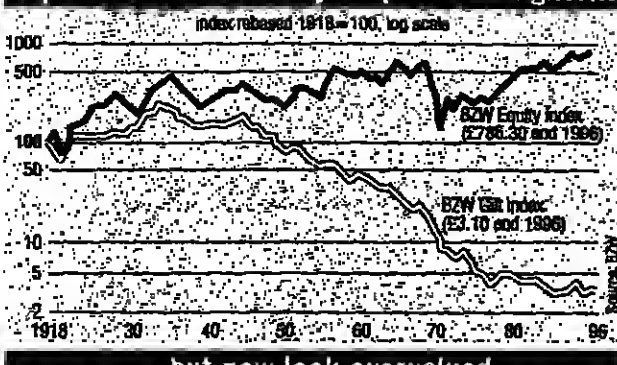
As he points out, equities have sustained periods of apparent over-valuation lasting several years in the past. The chart, which shows actual share prices against three different fair value methods (plotted in the grey area), suggests London is historically very over-valued.

But valuation is a moving target and the UK has been going through a period of vast secular economic change. Price-earnings ratios, typically ranging between six and 10 in the 1970s, have moved up to between 14 and 18. Likewise, the much-quoted gilt-equity yield ratio was under one until the 1960s, rising to around 2.5 in the early 1970s, before steadily falling in the 1980s. If the Government can sustain its 1.4 per cent inflation target, Mr Hughes reckons it could fall to 1.3 in the future, which would be good news for equities.

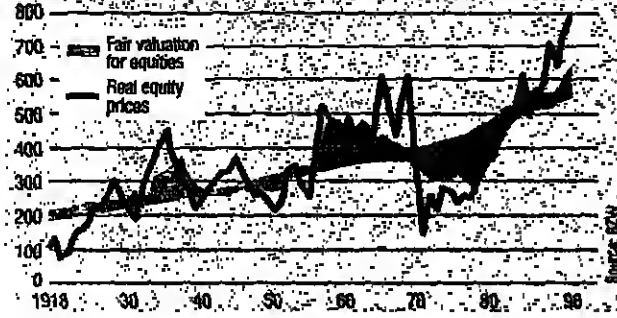
And there lies the key. Equities, gilts and cash all perform better when inflation is below its long-term trend, with shares doing particularly well if growth is also above trend. Mr Hughes sees no significant upswing in interest rates on the horizon to upset the apple cart.

His view is not shared by Bob Farrell, chief investment adviser to US investment bank Merrill Lynch. Earlier this month he forecast a major correction in the US market this year. Even if he is wrong, the future direction of equities looks more finely poised than it has been for many years.

Equities have massively outperformed gilts...



...but now look overvalued



A good night out with Margaret Thatcher and Pablo Picasso

PEOPLE & BUSINESS

Allied Dunbar, the insurance company owned by BAT Industries, may have cause to regret its decision to hold a drinks party for journalists at London's Madame Tussaud's on Wednesday night.

The proceedings in the waxwork museum rather got out of hand, and various journalists, flushed with drink, molested Margaret Thatcher, stole John Major's glasses and replaced Pablo Picasso's Gitanes cigarette with a Marlboro Light.

A spokeswoman for Madame Tussaud's is unfettered, however. "Every morning at six o'clock our inspectors examine each waxwork for damage, and this morning there were no problems reported."

In fact, as Madame Tussaud's is a popular venue for business parties, "souvenir hunting" is quite common, she said. "About a year ago someone at a business party tried to walk off with Robespierre's head, which is stuck on a pole. The mask of the French revolutionary was made by Madame Tussaud herself 200 years ago. Our staff have to be very vigilant." And the Picasso cigarette replacement is also "very, very common" she said.

"It happens all the time, but usually people don't have the courtesy to replace it, they just steal it. Unfortunately Picasso didn't smoke Marlboro Lights, so we'll have to replace it from our props department."

A "strictly confidential" guide for Scottish Amicable executives on how to parry troublesome questions from the media about the proposed flotation has fallen into my hands. The 27-page "External Questions and Answers Draft" prepared by spin doctors at the Maitland Consultancy prepares executives for nasty questions such as "Why are your investment managers so bad?" ("Short-term performance is not what is relevant to our investors") and "Why are your with-profit payouts



Molested at Madame Tussaud's: The waxwork Iron Lady

so lousy?" The guide uses three codenames, Cygnus, Swan and Lake, representing Scottish Amicable, Swiss Re and Securitas, a Swiss insurance combine. The Swiss are pumping £35m into the flotation, which will include a £1m incentive scheme for 12 ScotAm directors.

One of the questions posed by the guide is: "What was the cost of putting the scheme together?" Answer: "The costs of the deal are not yet available." Then it asks: "Why is this costing three

times as much as any other scheme?" Answer: "This deal is highly innovative and it took a long time to get all the details right. Also, we are paying Lake's costs..."

I suspect some of ScotAm's policyholders may have preferred a different codename for the scheme: Ugly Duckling.

Deutsche Morgan Grenfell, currently embroiled in the Nicola Horlick fiasco, has promoted Jonathan Asquith to the new role of chief oper-

ating officer, where he will be number two to chief executive Michael Dobson.

Mr Asquith, 40, is a scion of the Liberal Asquith family and a distant relative of Helena Bonham Carter, the fragrant actress. Oxford educated and a qualified barrister, Mr Asquith is variously described by colleagues as "having a mind like a steel trap" and "a very, very able operator", so Mr Dobson will be glad of his abilities in these tense times.

Mr Asquith has spent his whole career with Morgan Grenfell, which he joined in 1979. Michael Philipp, 43, is replacing him as global head of equities.

The American Varsity part of Lucas Varsity continues to strengthen its grip on its British Lucas partner since the "merger" last September, with the appointment of Tony Gilroy as an executive director.

The difference with previous appointments by Varsity is that Mr Gilroy is a Brit rather than an American, having worked in the British car industry since joining Ford in 1954. He is probably best known for his spell at Land Rover, before joining VarsityPerkins, the valve maker, in 1989.

Mr Gilroy is keen on golf, hill-walking, music and reading. He will return to the UK after several years in Buffalo, New York, where he was president and chief operating officer of Varsity Corporation.

Professor Sir Roland Smith has retired as chairman of Hepworth, a post he has held for the past 11 years. Jeremy Lancaster joins the board as non-executive deputy chairman and will succeed Sir Roland as chairman at the May AGM. Not that Sir Roland will be idle. He is still a director of Associated British Foods, Manchester United, Guinness Flight Venture Capital Trust, Wilson Bowden and Temple Bar Investment Trust.

John Willcock

Foreign Exchange Rates

Country	Spot	1 month	3 months	6 months	1 year
US	1.6273	1.61	1.59	1.57	1.55
Canada	0.7184	0.71	0.70	0.69	0.68
Germany	1.9362	1.93	1.92	1.91	1.90
France	6.5596	6.55	6.54	6.53	6.52
Italy	1.3661	1.36	1.35	1.34	1.33
Japan	161.00	161.00	161.00	161.00	161.00
Spain	166.36	166.36	166.36	166.36	166.36
UK	1.5478	1.54	1.53	1.52	1.51
Belgium	36.36	36.36	36.36	36.36	36.36
Denmark	6.46	6.46	6.46	6.46	6.46
Norway	4.76	4.76	4.76	4.76	4.76
Sweden	8.46	8.46	8.46	8.46	8.46
Switzerland	1.46	1.46	1.46	1.46	1.46
Australia	1.54	1.54	1.54	1.54	1.54
New Zealand	1.54	1.54	1.54	1.54	1.54
Hong Kong	7.76	7.76	7.76	7.76	7.76
Malaysia	3.76	3.76	3.76	3.76	3.76
Singapore	1.54	1.54	1.54	1.54	1.54

Other Spot Rates

Country	Spot	1 month	3 months	6 months	1 year
Argentina	1.54	1.54	1.54	1.54	1.54
Brazil	1.54	1.54	1.54	1.54	1.54
China	1.54	1.54	1.54	1.54	1.54
India	1.54	1.54	1.54	1.54	1.54
Indonesia	1.54	1.54	1.54	1.54	1.54
South Africa	1.54	1.54	1.54	1.54	1.54
Taiwan	1.54	1.54	1.54	1.54	1.54
Thailand	1.54	1.54	1.54	1.54	1.54
Philippines	1.54	1.54	1.54	1.54	1.54
Malaysia	1.54	1.54	1.54	1.54	1.54
Singapore	1.54	1.54	1.54	1.54	1.54

Interest Rates

Country	Rate	Term
US	5.00%	1 year
UK	5.00%	1 year
Germany	5.00%	1 year
France	5.00%	1 year
Italy	5.00%	1 year
Japan	5.00%	1 year
Spain	5.00%	1 year
Belgium	5.00%	1 year
Netherlands	5.00%	1 year
Sweden	5.00%	1 year
Denmark	5.00%	1 year
Norway	5.00%	1 year
Switzerland	5.00%	1 year
Australia	5.00%	1 year
New Zealand	5.00%	1 year
Hong Kong	5.00%	1 year
Malaysia	5.00%	1 year
Singapore	5.00%	1 year

Bond Yields

Country	Rate	Term
US	5.00%	1 year
UK	5.00%	1 year
Germany	5.00%	1 year
France	5.00%	1 year
Italy	5.00%	1 year
Japan	5.00%	1 year
Spain	5.00%	1 year
Belgium	5.00%	1 year
Netherlands	5.00%	1 year
Sweden	5.00%	1 year
Denmark	5.00%	1 year
Norway	5.00%	1 year
Switzerland	5.00%	1 year
Australia	5.00%	1 year
New Zealand	5.00%	1 year
Hong Kong	5.00%	1 year
Malaysia	5.00%	1 year
Singapore	5.00%	1 year

Money Market Rates

Country	Rate	Term
US	5.00%	1 year
UK	5.00%	1 year
Germany	5.00%	1 year
France	5.00%	1 year
Italy	5.00%	1 year
Japan	5.00%	1 year
Spain	5.00%	1 year
Belgium	5.00%	1 year
Netherlands	5.00%	1 year
Sweden	5.00%	1 year
Denmark	5.00%	1 year
Norway	5.00%	1 year
Switzerland	5.00%	1 year
Australia	5.00%	1 year
New Zealand	5.00%	1 year
Hong Kong	5.00%	1 year
Malaysia	5.00%	1 year
Singapore	5.00%	1 year

Tourist Rates

Country	Rate	Term
US	5.00%	1 year
UK	5.00%	1 year
Germany	5.00%	1 year
France	5.00%	1 year
Italy	5.00%	1 year
Japan	5.00%	1 year
Spain	5.00%	1 year
Belgium	5.00%	1 year
Netherlands	5.00%	1 year
Sweden	5.00%	1 year
Denmark	5.00%	1 year
Norway	5.00%	1 year
Switzerland	5.00%	1 year
Australia	5.00%	1 year
New Zealand	5.00%	1 year
Hong Kong	5.00%	1 year
Malaysia	5.00%	1 year
Singapore	5.00%	1 year

Life Financial Futures

Contract	Settlement	High/Low	Open	Close
Long Call	1.54	1.54	1.54	1.54
Short Call	1.54	1.54	1.54	1.54
Long Put	1.54	1.54	1.54	1.54
Short Put	1.54	1.54	1.54	1.54
Long Straddle	1.54	1.54	1.54	1.54
Short Straddle	1.54	1.54	1.54	1.54
Long Strangle	1.54	1.54	1.54	1.54
Short Strangle	1.54	1.54	1.54	1.54
Long Butterfly	1.54	1.54	1.54	1.54
Short Butterfly	1.54	1.54	1.54	1.54

Life FTSE Index Option

Contract	Settlement	High/Low	Open	Close
Long Call	1.54	1.54	1.54	1.54
Short Call	1.54	1.54	1.54	1.54
Long Put	1.54	1.54	1.54	1.54
Short Put	1.54	1.54	1.54	1.54
Long Straddle	1.54	1.54	1.54	1.54
Short Straddle	1.54	1.54	1.54	1.54
Long Strangle	1.54	1.54	1.54	1.54
Short Strangle	1.54	1.54	1.54	1.54
Long Butterfly	1.54	1.54	1.54	1.54
Short Butterfly	1.54	1.54	1.54	1.54

Commodity Indices

Contract	Settlement	High/Low	Open	Close
Long Call	1.54	1.54	1.54	1.54
Short Call	1.54	1.54	1.54	1.54
Long Put	1.54	1.54	1.54	1.54
Short Put	1.54	1.54	1.54	1.54
Long Straddle	1.54	1.54	1.54	1.54
Short Straddle	1.54	1.54	1.54	1.54
Long Strangle	1.54	1.54	1.54	1.54
Short Strangle	1.54	1.54	1.54	1.54
Long Butterfly	1.54	1.54	1.54	1.54
Short Butterfly	1.54	1.54	1.54	1.54

Industrial Metals

Contract	Settlement	High/Low	Open	Close
Long Call	1.54	1.54	1.54	1.54
Short Call	1.54	1.54	1.54	1.54
Long Put	1.54	1.54	1.54	1.54
Short Put	1.54	1.54	1.54	1.54
Long Straddle	1.54	1.54	1.54	1.54
Short Straddle	1.54	1.54	1.54	1.54
Long Strangle	1.54	1.54	1.54	1.54
Short Strangle	1.54	1.54	1.54	1.54
Long Butterfly	1.54	1.54	1.54	1.54
Short Butterfly	1.54	1.54	1.54	1.54

Precious Metals

Contract	Settlement	High/Low	Open	Close
Long Call	1.54	1.54	1.54	1.54
Short Call	1.54	1.54	1.54	1.54
Long Put	1.54	1.54	1.54	1.54
Short Put	1.54	1.54	1.54	1.54
Long Straddle	1.54	1.54	1.54	1.54
Short Straddle	1.54	1.54	1.54	1.54
Long Strangle	1.54	1.54	1.54	1.54
Short Strangle	1.54	1.54	1.54	1.54
Long Butterfly	1.54	1.54	1.54	1.54
Short Butterfly	1.54	1.54	1.54	1.54

Agricultural

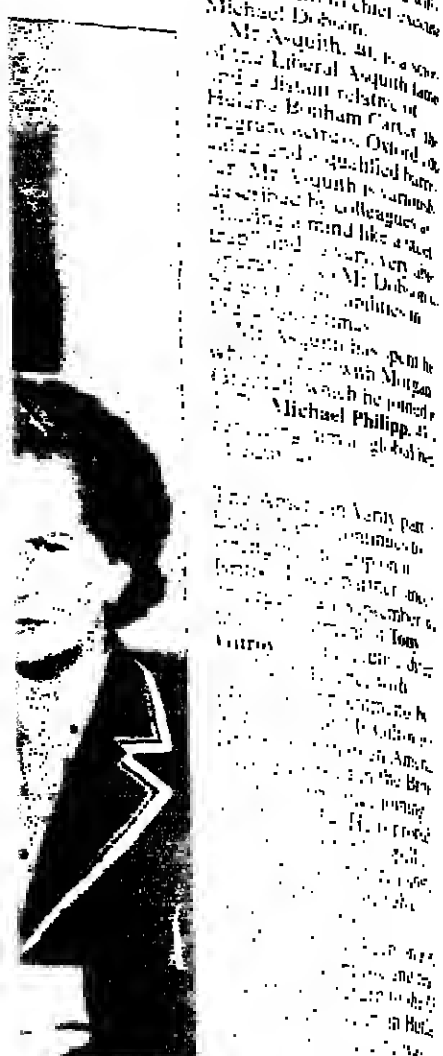
Contract	Settlement	High/Low	Open	Close
Long Call	1.54	1.54	1.54	1.54
Short Call	1.54	1.54	1.54	1.54
Long Put	1.54	1.54	1.54	1.54
Short Put	1.54	1.54	1.54	1.54
Long Straddle	1.54	1.54	1.54	1.54
Short Straddle	1.54	1.54	1.54	1.54
Long Strangle	1.54	1.54	1.54	1.54
Short Strangle	1.54	1.54	1.54	1.54
Long Butterfly	1.54	1.54	1.54	1.54
Short Butterfly	1.54	1.54	1.54	1.54

Other Softs

Contract	Settlement	High/Low	Open	Close
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Margaret Picasso

NESS



John Wilkes

McCoy out with fractured shoulder

Racing
GREG WOOD

Tony McCoy grabbed 1996 by the scruff of the neck and made it his own, with a first National Hunt jockeys' championship and winners beyond counting, but 1997 is proving an altogether more difficult opponent. Less than a week after the sudden and acrimonious conclusion of his association with Paul Nicholls, McCoy yesterday suffered a fractured shoulder in a horrible fall at Wincanton, and his prospects of riding at the Cheltenham Festival, perhaps even of securing the second title which

had appeared a forgone conclusion, are in serious doubt. McCoy was riding Speedy Snapper in the Maurice Lester Maiden Chase, a barrel-racing contest which only five of the 16 starters managed to complete, with the champion's mount getting no further than the first fence. McCoy was attended by paramedics before being transferred by ambulance to Yeovil General Hospital, where X-rays confirmed that his left shoulder was fractured. His mount did not survive.

"Tony is a very young man," Chris Browne, Wincanton's racecourse doctor, said, "but it was plain to see that he was extremely uncomfortable."

The recuperative powers of jump jockeys are the stuff of legend, not least when Cheltenham is less than seven weeks away, but the accepted convention is that a jockey who has injured himself around two months, and McCoy's chance of clambering into a saddle on Champion Hurdle day - 11 March - must now be no better than even money. "I don't think he will be back very quickly," Dr Michael Turner, the Jockey Club's chief medical adviser, said last night. "You should never write them off, and we won't know the exact situation for a day or two, but I think you're likely to be looking at about eight weeks."

Martin Pipe, who accompanied McCoy to hospital, was a little more optimistic. "He will possibly be out for six weeks," the trainer said. "I'm hoping he will be back for Cheltenham."

If the Festival is in the balance, the championship may be a different story, which is a measure of how thoroughly McCoy dominates the jumping game, despite having arrived in Britain barely three years ago. Before yesterday's mishap, McCoy had ridden 130 winners, more than twice as many as Adrian Maguire who is closest to him in the word - pursuer with 63.

Assuming that McCoy's injury does repair itself within the allotted two months, Maguire would need to ride around nine

winners each week - which is nowhere near his current average - simply to catch up. Even then, a fit McCoy would surely accelerate away once more, but if the champion has been laid off for the season, a second championship would offer only a measure of consolation.

It was a bad day at the office for other riders too. The same dismal contest in which McCoy was injured - the runners had 140 outings but not a single win to their credit - left Simon Burrough with a broken collar-bone which will take three weeks to heal and Norman Williamson nursing a bruised elbow and shin which may sideline him today.

The office in question for Fergal Lynch was the one in which the Jockey Club's Disciplinary Committee met to consider his ride on Mijas on 14 January. He was found guilty of causing interference there and banned for eight days, thereby triggering an automatic additional 14-day ban under the totting-up system. Five of the resulting 22 days will be deferred until 6 May.

"I was very disappointed with the outcome," Lynch said, and he can at least look forward to a visit to America during his enforced holiday. "It was the prize for winning the apprentice series at Pottersdown and I had to take it before March, so now seems as good a time as any."

1.00 Lucky Sea 3.30 Puritan (nb) 1.35 Jethro 3.40 Father Sky 2.35 All Zulu (nap) 4.30 Mr Larpach

DONCASTER

1.00 Lucky Sea 3.30 Puritan (nb) 1.35 Jethro 3.40 Father Sky 2.35 All Zulu (nap) 4.30 Mr Larpach

GOING: Good (Good to Firm on Race Hill).
Left-hand, near-perfect course with 1 mile straight.
Course is E of town off the A630 (M14 A14-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-109-110-111-112-113-114-115-116-117-118-119-120-121-122-123-124-125-126-127-128-129-130-131-132-133-134-135-136-137-138-139-140-141-142-143-144-145-146-147-148-149-150-151-152-153-154-155-156-157-158-159-160-161-162-163-164-165-166-167-168-169-170-171-172-173-174-175-176-177-178-179-180-181-182-183-184-185-186-187-188-189-190-191-192-193-194-195-196-197-198-199-200-201-202-203-204-205-206-207-208-209-210-211-212-213-214-215-216-217-218-219-220-221-222-223-224-225-226-227-228-229-230-231-232-233-234-235-236-237-238-239-240-241-242-243-244-245-246-247-248-249-250-251-252-253-254-255-256-257-258-259-260-261-262-263-264-265-266-267-268-269-270-271-272-273-274-275-276-277-278-279-280-281-282-283-284-285-286-287-288-289-290-291-292-293-294-295-296-297-298-299-300-301-302-303-304-305-306-307-308-309-310-311-312-313-314-315-316-317-318-319-320-321-322-323-324-325-326-327-328-329-330-331-332-333-334-335-336-337-338-339-340-341-342-343-344-345-346-347-348-349-350-351-352-353-354-355-356-357-358-359-360-361-362-363-364-365-366-367-368-369-370-371-372-373-374-375-376-377-378-379-380-381-382-383-384-385-386-387-388-389-390-391-392-393-394-395-396-397-398-399-400-401-402-403-404-405-406-407-408-409-410-411-412-413-414-415-416-417-418-419-420-421-422-423-424-425-426-427-428-429-430-431-432-433-434-435-436-437-438-439-440-441-442-443-444-445-446-447-448-449-450-451-452-453-454-455-456-457-458-459-460-461-462-463-464-465-466-467-468-469-470-471-472-473-474-475-476-477-478-479-480-481-482-483-484-485-486-487-488-489-490-491-492-493-494-495-496-497-498-499-500-501-502-503-504-505-506-507-508-509-510-511-512-513-514-515-516-517-518-519-520-521-522-523-524-525-526-527-528-529-530-531-532-533-534-535-536-537-538-539-540-541-542-543-544-545-546-547-548-549-550-551-552-553-554-555-556-557-558-559-560-561-562-563-564-565-566-567-568-569-570-571-572-573-574-575-576-577-578-579-580-581-582-583-584-585-586-587-588-589-590-591-592-593-594-595-596-597-598-599-600-601-602-603-604-605-606-607-608-609-610-611-612-613-614-615-616-617-618-619-620-621-622-623-624-625-626-627-628-629-630-631-632-633-634-635-636-637-638-639-640-641-642-643-644-645-646-647-648-649-650-651-652-653-654-655-656-657-658-659-660-661-662-663-664-665-666-667-668-669-670-671-672-673-674-675-676-677-678-679-680-681-682-683-684-685-686-687-688-689-690-691-692-693-694-695-696-697-698-699-700-701-702-703-704-705-706-707-708-709-710-711-712-713-714-715-716-717-718-719-720-721-722-723-724-725-726-727-728-729-730-731-732-733-734-735-736-737-738-739-740-741-742-743-744-745-746-747-748-749-750-751-752-753-754-755-756-757-758-759-760-761-762-763-764-765-766-767-768-769-770-771-772-773-774-775-776-777-778-779-780-781-782-783-784-785-786-787-788-789-790-791-792-793-794-795-796-797-798-799-800-801-802-803-804-805-806-807-808-809-810-811-812-813-814-815-816-817-818-819-820-821-822-823-824-825-826-827-828-829-830-831-832-833-834-835-836-837-838-839-840-841-842-843-844-845-846-847-848-849-850-851-852-853-854-855-856-857-858-859-860-861-862-863-864-865-866-867-868-869-870-871-872-873-874-875-876-877-878-879-880-881-882-883-884-885-886-887-888-889-890-891-892-893-894-895-896-897-898-899-900-901-902-903-904-905-906-907-908-909-910-911-912-913-914-915-916-917-918-919-920-921-922-923-924-925-926-927-928-929-930-931-932-933-934-935-936-937-938-939-940-941-942-943-944-945-946-947-948-949-950-951-952-953-954-955-956-957-958-959-960-961-962-963-964-965-966-967-968-969-970-971-972-973-974-975-976-977-978-979-980-981-982-983-984-985-986-987-988-989-990-991-992-993-994-995-996-997-998-999-1000-1001-1002-1003-1004-1005-1006-1007-1008-1009-1010-1011-1012-1013-1014-1015-1016-1017-1018-1019-1020-1021-1022-1023-1024-1025-1026-1027-1028-1029-1030-1031-1032-1033-1034-1035-1036-1037-1038-1039-1040-1041-1042-1043-1044-1045-1046-1047-1048-1049-1050-1051-1052-1053-1054-1055-1056-1057-1058-1059-1060-1061-1062-1063-1064-1065-1066-1067-1068-1069-1070-1071-1072-1073-1074-1075-1076-1077-1078-1079-1080-1081-1082-1083-1084-1085-1086-1087-1088-1089-1090-1091-1092-1093-1094-1095-1096-1097-1098-1099-1100-1101-1102-1103-1104-1105-1106-1107-1108-1109-1110-1111-1112-1113-1114-1115-1116-1117-1118-1119-1120-1121-1122-1123-1124-1125-1126-1127-1128-1129-1130-1131-1132-1133-1134-1135-1136-1137-1138-1139-1140-1141-1142-1143-1144-1145-1146-1147-1148-1149-1150-1151-1152-1153-1154-1155-1156-1157-1158-1159-1160-1161-1162-1163-1164-1165-1166-1167-1168-1169-1170-1171-1172-1173-1174-1175-1176-1177-1178-1179-1180-1181-1182-1183-1184-1185-1186-1187-1188-1189-1190-1191-1192-1193-1194-1195-1196-1197-1198-1199-1200-1201-1202-1203-1204-1205-1206-1207-1208-1209-1210-1211-1212-1213-1214-1215-1216-1217-1218-1219-1220-1221-1222-1223-1224-1225-1226-1227-1228-1229-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sport

FA CUP COUNTDOWN: Former Wembley winner plans to make life difficult for Wednesday. Guy Hodgson reports

Carlisle in profit after Day's work

Mervyn Day can recall plenty about his one FA Cup final. Or at least the Carlisle United manager can now after his children bought him a video of West Ham United versus Fulham in 1975. Until then the day was just a blur.

At 19, finals were things he expected would come along at regular intervals. More than 20 years on, as he prepares his players to meet Sheffield Wednesday in tomorrow's fourth round, he knows better. He sampled Wembley barely out of his adolescence and never got there as a player again.

"Billy Bonds, the captain, turned to the lads and said: 'Drink the atmosphere, but make sure you remember because it might come round only once in a lifetime.' With the brassiness of 19-year-old youth I didn't. I could remember getting the medal and hurrying into tears and that's all."

"My kids bought me a video four or five years ago and then things started to come back to me a little bit. I remembered Alan Taylor's two goals because they were shown over and over again on television but the rest of the game went by in a flash."

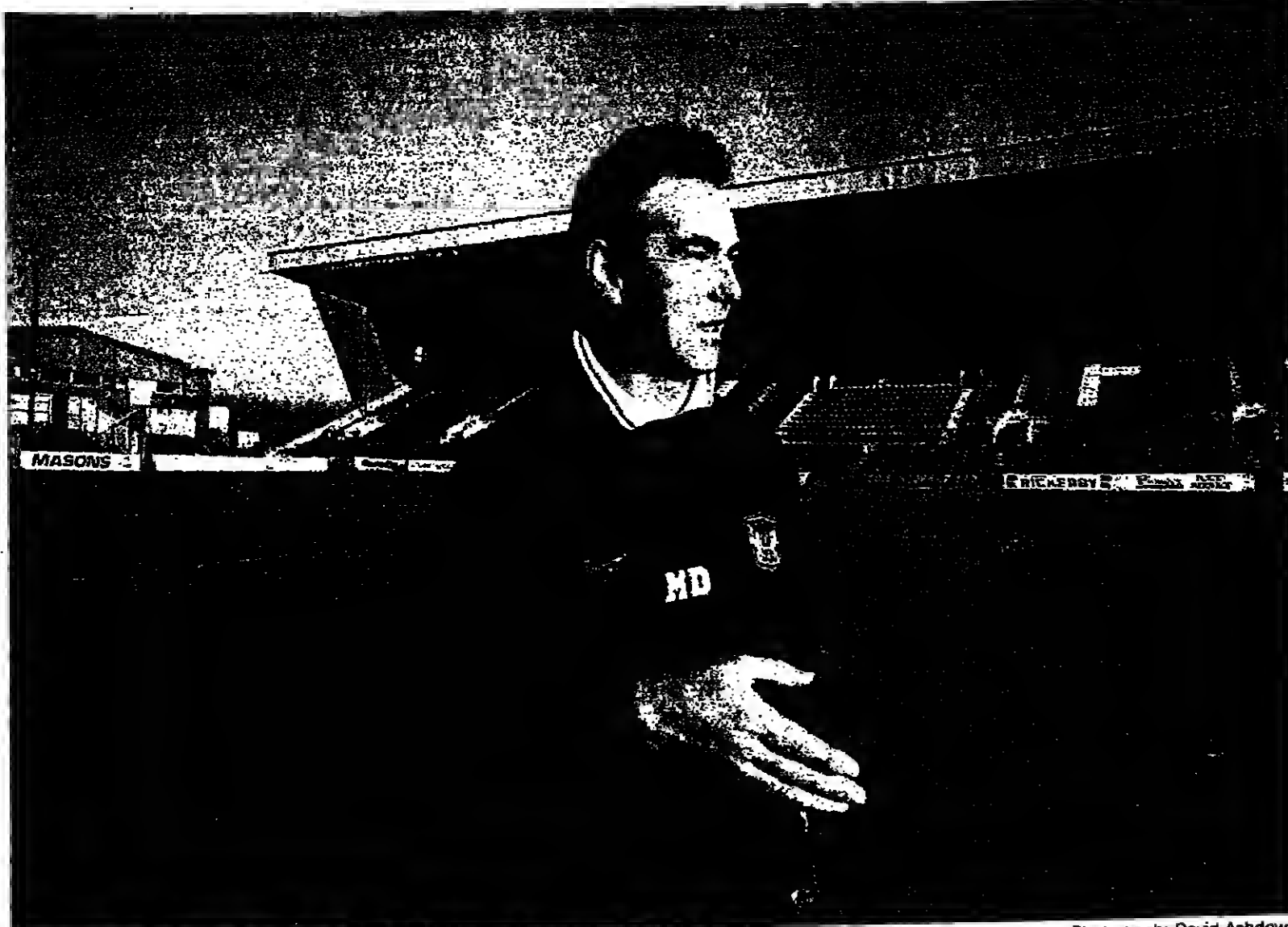
Which is not how you would describe Day's goalkeeping career. More than 700 matches, most of which were played in the top two divisions, were testament to his longevity with, among others, West Ham, Ley-

ton Orient, Aston Villa and Leeds. The last of those games was with Carlisle in 1993 before he lost the player part of his player-coach title and then succeeded Mick Wadsworth as manager a year ago this week.

He is in charge of a team with a yo-yo record and works with a go-go chairman, Michael Knighton, whose profile is unprecedented outside the Premiership. Two years ago the club were promoted to the Second Division, last season they were relegated and this time they look poised for elevation again. One thing you can say about Carlisle is that they are not boring.

They hardly could be with Knighton around. The hall-juggling director of Manchester United turned Carlisle owner has kept the club on the map with various escapades that may or may not have included an extra-terrestrial experience. But if meeting ET seemed far fetched, it was mild compared to his prediction that Carlisle, then languishing at the bottom of the League, would be in the Premiership within 10 years.

"The chairman, quite rightly, has qualified that," Day commented, "by saying that was his intention at that time, which was before the real influx of money from the Sky TV deal. Now you only have to look at someone like Ravanelli, who is supposed to be earning £42,000 a week. That's light years from what we would call the real world of the Third Division."



Mervyn Day, the Carlisle United manager, believes an upset is possible against Sheffield Wednesday tomorrow

Photograph: David Ashdown

"Realistically this club has the potential to reach the First Division in five or six years, maybe sooner. Once you are there the gap between the Premiership and the First Division is there for all to see. If a club like Wolves, who have spent a fortune, can't make the jump then you have to say getting into the Premiership is difficult."

But isn't it equally difficult working with someone like Knighton? "In some aspects it is a blessing," he replied. "Last year we were relegated and I didn't take any flak because he was here. I know I'd only been

in the job a few months, but even so it's unusual that the manager doesn't take his fair share of stick. It was all aimed at the chairman."

"I can't have my cake and eat it. In the good times, he's a personality, everyone knows Michael Knighton because of his connections at Manchester United, and if he gets the credit when we do well I can hardly complain. I have a good relationship with him, we both know where we stand with each other."

Day is a rarity in being a goalkeeper who has become a manager, although his stock answer to his credentials is: "It's about man management and motivation. If you can coach you can coach, it's a simple as that."

As part of his managerial education he is looking forward to pitting his wits against Wednesday's David Platt. "I played for David when I was on loan at Luton in 1992 and he's a very interesting man to work for. He's a deep thinker who is always looking for new ideas he can incorporate into training. Some of his warm-up routines I hadn't seen before and I'd been in the game 20 years."

"He'll have done his homework on us, had us watched a couple of times. His attention to detail is very good. The Wednesday players will be fully prepared."

Which, as Day acknowledges, makes a shock tomorrow less likely. "Wednesday, how much have they cost? £30m? I've spent £35,000 in a year while we've sold David Reeves to Preston, Tony Gallimore to Grimsby and Paul Murray to QPR for good fees. We're well in profit."

"The gap between ourselves and Wednesday is enormous, let's be totally honest. You'll have heard it all before but we need to have an exceptionally good day, to be playing at 150 per cent, and they have to be below par for us to spring a surprise. That's not to say it's not going to happen."

"For my young players it's a chance to prove they ought to be playing higher up the League while the older ones need to be reminded that days like this might not come around again."

Day, a Cup winner at 19 and no nearer than a semi-finalist after that, is testament to that.

Indian takes his chance and joint lead

Golf

ANDY FARRELL reports from the Gold Coast Queensland

Forget the Ryder Cup. The big news on the opening day of the new European Tour season was a dramatic attempt made by Arjun Atwal for a place in the Indian Alfred Dunhill Cup team.

Atwal, 23, was at home in Calcutta watching India beat Scotland at St Andrews last October on television. He was first reserve then and was in the same position for the Johnnie Walker Classic last week when Jeev Singh declined his invitation as the Indian representative at Hope Island.

Atwal took his chance to shine. A five-under 67 gave him a share of the first-round lead, with David Carter, of England, and the Australians Anthony Painter and Steve Conran. Colin Montgomerie shot a 71 as the big names, Fred Couples apart, failed to live up to their billing. Atwal's round came with the aid of seven birdies and despite a double-bogey at the seventh. It followed a change of grip and help with his putting from Kel Llewellyn, the Australian coach of the Indian-raised Swede, Daniel Chopra, on Wednesday.

"The reason that India has not produced more sports stars from 950 million people is because at school it is impossible also to do sport," Atwal said. "They concentrate on the academics. In India no one looked at golf as something you can make money from until recently. Now there are more people beginning to play."

Atwal protected himself against the Queensland sun with a cap promoting the hotel he is staying in. Clearly, he has an eye for a deal. "They said if we wore the cap, we could stay for free," he said. The next trick is to get someone to pay him to attend tournaments.

The morning starters had an advantage as the breeze got up later when rounds took up to five hours. Couples, who won this title two years ago, was the best of the bunch with a 68, but his fellow American John Daly struggled to a 77 after birdies at the first two holes.

"I played like King Kong on the front nine and like shit on the back," was Daly's less than eloquent summation. A hip injury he picked up three weeks ago prevented Daly from practising on Wednesday, but he added: "The hip was burning a little, but it wasn't bad enough to cause me to play this awful."

Els chipped in at the ninth for his second eagle in a 70, a round matched by Nick Faldo, who was "good in parts, rusty in others". The defending champion, Ian Woosnam, struggled with his driving in a 74, but that was the strength of Montgomerie's game. It usually is, of course, but this was his first tournament round with his first new driver for five years.

The Scot has moved up to Callaway's Great Big Bertha after retiring his previous model when winning the Million Dollar Challenge in December. "That club has won me millions of pounds and it is always a bit worrying to switch but I drove well," he said. This one may win him even more.

Carter, South African-born but Chesterfield-based, did not drop a shot as he set a new course record. The 24-year-old won the Qualifying School in 1994, but his first official title came in December. It was, of course, the Indian PGA Championship.

JOHNNIE WALKER CLASSIC (Hope Island, Queensland) Leading three-round scores (69 or less unless stated): 67 D Carter, A Atwal (NZ), P Painter (Aus), S Conran (Aus), 68 S Jones (Aus), P Couples (US), C Chopra (Ind), 69 A Atwal (NZ), R Gallimore (Aus), M Long (NZ), 70 D Conroy (Aus), R Swenson (Aus), S Laycock (Aus), Zhang Li-wei (Chi), L Parsons (Aus), 71 P Couper (Aus), P Leonard (Aus), 72 H Watt, P Faldo, M Montgomerie, S Lester (Aus), P Senior (Aus), 73 J Hoggard (Aus), J Bann, P Torrance (US), 74 J Van de Velde (F), 75 S Cragg, M Wiebe, 76 J Hoggard (Aus), M Campbell (NZ), A Reid (Aus), 77 J Hoggard (Aus), S Tait (Aus), R Green (Aus), D Gole, S Appleby (Aus), P Baker, V Lane, V Singh (Ind), P Harrington, J Gole (Ind), G Gole (Ind), P Bann (NZ), A Sheehy, Cui Yung-ai (US), C Montgomerie, 78 J Hoggard (Aus), R Bann, R Chapman, D Carter, A Collett, M Montgomerie, R McFarlane, 79 S Torrance, 74 P Broadhurst, 79 Warrum, 78 R Clayton, R Rafferty.

Miracle man quits Mouscron to become national coach

Belgium

Just when they were beginning to believe that miracles might happen and that their club might actually win the Belgian League title in their first season in the top flight, the fans of Excelsior Mouscron have lost the man who was making their dreams come true.

A little club from an industrial town near the French border, Mouscron have been eclipsing the traditional giants of Belgian football like Anderlecht and Club Brugge all season. They lead the First Division by four points. It is the equivalent of, say, Barnsley reaching the Premiership - and then threatening to win it.

This week, though, Mouscron lost their coach, the inspirational Georges Leekens, who was appointed national team coach following the dismissal of Wilfried Van Moer. Leekens, who has in the past coached Club Brugge, Anderlecht and Turkey's Trabzonspor, said: "This is perhaps the most difficult challenge I ever accepted. It will be tough but I'm full of confidence. I hope that we will get that national, patriotic feeling back again."

One player who will not be part of Leekens' squad for his first game in charge, against Northern Ireland in Belfast on 11 February, is Gilles de Bilde. The Anderlecht striker, who was caught on film punching an opponent in the face during a league game against Eendracht Aalst last month, was this week banned from playing until the end of March by the country's football authorities. He also faces court action on assault and grievous bodily harm charges.

De Bilde's victim, Krist



around the world

Porte, suffered a broken eye, socket and nose. He still suffers from blurred vision and headaches, and has to rest for at least two more weeks before undergoing any further treatment.

Ethiopia

Ethiopia's football federation said yesterday it would be briefed by the remnants of its national squad before deciding whether to pull out of the African Nations Cup following the defection to Italy of most of the team.

Sebebe Haile Marin, a federation official, said it had been decided to hear first from the remaining loyal players who were expected to return from Italy to Addis Ababa last night. The federation would then decide whether to withdraw from the cup.

A total of 16 Ethiopian squad members sought political asylum in Italy on Wednesday after slipping their escort during a stopover in Rome on the way to an African Nations Cup match in Morocco. Yesterday, though, five players apparently withdrew their requests for asylum and asked to return to Ethiopia.

An Addis Ababa newspaper, *The Monitor*, criticised the

federation yesterday for what it said was "mistreatment and abusive practices" which prompted the 15 players and the coach to defect. It claimed Ethiopia's football establishment was riddled with inefficiency and double standards.

Spain

John Toshack's unhappy spell in Spain continues. The Welshman, who has announced he is to leave Deportivo La Coruña at the end of the season, now faces club disciplinary action after allegedly insulting fans who were abusing him for substituting the Brazilian midfielder, Rivaldo, during last Sunday's game against Athletic Bilbao. "Although the fans were very nervous, the coach's attitude cannot be forgiven and must be criticised," Deportivo's president, Augusto Lendoiro, said. "I addressed the fans with words that never should have left my mouth," an apologetic Toshack said yesterday.

Turkey

Players of the Istanbul club, Besiktas, will each be given a house by a wealthy fan if they win the Turkish title this season. "This year we will be champions, 100 per cent. When we are champions I'll give all the footballers a villa," Erdal Agar, told the sports newspaper, *Fanatik*. Agar added he had already donated about \$600,000 to the club. "I am ready to do everything for Besiktas' success. In life my son comes first, then Besiktas," he said. Besiktas are fourth in the table with 38 points, seven points behind the leaders, Galatasaray.

Rupert Metcalf

Scottish clubs seek new League

The chairmen of 15 Scottish football clubs yesterday vowed to continue to press for a reconstruction of their league. They want a new three division set-up, with 16 clubs in the top flight and 12 in each of the other two leagues.

Five Premier Division clubs - Dundee United, Motherwell, Kilmarnock, Dunfermline and Raith - and all 10 First Division sides met at Clyde's Broadwood stadium in Cumbernauld to discuss their suggested changes. Now they will bring the other five Premier clubs and the 20 in the two lower divisions into their discussions.

However, it is not clear whether the top clubs, including Rangers and Celtic, would go along with changing the present set-up. Clydebank's managing director, Jack Steedman, is behind the moves, which he says are designed to protect middle-ranked clubs threatened with closure because of financial difficulties.

Steedman wants an end to the current system of four leagues of 10, which was introduced three seasons ago. "We need to do something now, not next season or in a couple of years," he said. "There are around a dozen clubs in the current Premier and First Divisions who are under severe pressure at the moment financially." Steedman, a former Scottish League president, is fully aware that to instigate change in time for next season would require a 75 per cent majority at an extraordinary general meeting. Premier clubs have four votes. First Division clubs two and the two lower divisions one vote each. Inverness Caledonian Thistle and Ross County do not yet have full voting status.

Hoddle has little to fear

Italy should now hold few real fears for Glenn Hoddle at Wembley next month. The England coach flew out of Sicily brimming with confidence after watching Cesare Maldini's reign stutter into life with a 2-0 friendly win over Northern Ireland on Wednesday, writes Rob King from Palermo.

"This is a team which offers minimum guarantees," said an unimpressed *La Gazzetta dello Sport* newspaper, while Gianfranco Zola was more forthright. "Let's be honest," said the Chelsea striker, "if Arrigo Sacchi had still been on the bench, we would probably have gone off to hots and whistles."

The individual skills of the goalkeepers, Zola and Alessandro Del Piero, could not mask a communal lack of ideas, the sort of sterility which plagued the last throes of Sacchi's reign and prompted his replacement by Maldini.

Stevenage to take up the cry

Non-League notebook RUPERT METCALF

Kidderminster Harriers hold a formidable 15-point head at the top of the GM Vauxhall Conference - but second-placed Stevenage Borough have five games in hand and are in no mood to concede their title in the Vauxhall Cup, which they entertain tomorrow in the season's most crucial Conference game to date.

The defending champions are expecting their best crowd of the season, topping the 4,352 who turned up in watch Woking at Broadhall Way in November, although they stress that the match is not all-ticket. Stevenage warmed up for tomorrow's big game with a crushing 6-1 win over Bath City in

Monday's FA Umbro Trophy first-round replay, in which Corey Browne scored a hat-trick. The bundana-clad Nigerian defender Efeother Sodje, who has a groin strain, is their only injury doubt.

Kidderminster did not need a replay to progress to the second round of the Trophy - they thrashed the holders, Macclesfield Town, 3-0 at Aggborough last weekend. The trip to Hertfordshire will hold no fears for the Harriers as their away record is outstanding: they are unbeaten in nine games on the road and have not lost away since they went to Southport in August. The defender Chris Brindley returns after suspension tomorrow but their captain, the midfielder Mark Yates, is still banned.

"I know Stevenage, despite

their games in hand, would gladly swap places with us," Graham Allner, the Kidderminster manager, said last night.

Allner agreed that this season's title race is more intense because, unlike the last three seasons, the likely champions will be promoted to the Football League. "Now it's for real," said Allner, whose team were denied promotion in 1994. "Now we can actually do it."

Drew are expected to announce their new manager today, in time for tomorrow's trip to Stalybridge Celtic, following last weekend's resignation of Joe O'Sullivan. Gateshead, who do not have a fixture tomorrow, have named their coach Dave Clark as caretaker manager after Colin Richardson became the second Tyneside manager this year to leave his job.



Parcells: Likely to take up job with New York Jets after conflict with owner of the Patriots

Only parallels with 1991 favour Parcells

For dedicated students of the cyclical theory of sporting history, Bill Parcells makes an intriguing case study. The last time he was at the Super Bowl, six years ago with the New York Giants, he was leading the underdogs into what was widely believed to be his last game with the club. It is exactly the same this time.

Parcells' probable departure from the New England Patriots, after they have played the Green Bay Packers on Sunday, has dominated proceedings here, just as his imminent divorce from the Giants - he left a couple of months later - did

in 1991. As he did then Parcells has attempted, without success, to play down the story. One report suggests that he has already signed for the New York Jets. Parcells simply says he will review his position after the Super Bowl.

His habit of guiding clubs to success, then leaving prematurely has drawn comparisons with Kenny Dalglish, but the analogy is only partially successful. If Dalglish's reasons for moving on have revolved around pressure, with Parcells the issue is power. He left the Giants because of frustration with the personnel decisions

Can Super Bowl history repeat itself? Matt Tench reports from New Orleans

made by the team's autocratic general manager, George Young, and seemed to have gained the authority he sought when he joined the Patriots four years ago. But under a new owner, Robert Kraft, this appears to have been steadily eroded, a process emphasised by the choice of Terry Glenn, the wide receiver Kraft coveted, as the Patriots' first pick of last year's draft rather than the defensive player Parcells preferred.

When Parcells requested that a year be taken off his contract, making 1996 his last season, his departure was widely predicted, but as the Patriots progressed to the Super Bowl so the clamour to keep him grew. This week, however, it has been clear that Parcells and Kraft remain at odds over his responsibilities - there has also been talk of a personal rift - and it seems almost certain that Parcells will return to New York where the Jets are thought to

have promised him complete control.

Known as a players' coach, many will miss him, but not it seems the most important one. Drew Bledsoe, the Patriots' brilliant young quarterback, has suffered more than most from Parcells' unforgiving tongue, and there were detectable signs of relief as he reacted to this week's stories.

"I've known throughout the last four years that at some point in my career Bill is going to be gone," Bledsoe said. "Sometimes it's pretty exciting."

Bledsoe will have to play at his very best for the Patriots to have any chance, with even Parcells acknowledging his side's status. When the Patriots claimed themselves as the underdog head coach, because of his lack of Super Bowl experience, Parcells retorted: "I don't know about that, I know whose team is the underdog."

Overmatched in just about every area, the Patriots appear to have only one factor in their favour. Back in 1991, Parcells

TODAY'S NUMBER

1,500

The average home gate of Huddersfield Town, the Vauxhall Conference side who play Middlesbrough at the Premiership club's 30,000-capacity Riverside stadium in the FA Cup fourth round tomorrow.

Brive enter

Welsh clubs

One match

Will's new tyre approval from

Price back on

ports

Indian takes his chance and joint lead

Golf
ANDY FARRELL
reports from the Gold Coast

Paul Lawrie has taken the lead in the 1997 Volvo PGA Championship after a superb performance on the 18th green at the 18th hole. The 32-year-old Scot finished on 13 under par, one shot ahead of the rest of the field. He had a 10-under 67 in the final round, which included a 10-hole 18 in the 18th hole. Lawrie's performance was a testament to his skill and composure under pressure. He had been in contention throughout the tournament, but his final round was the difference between a good finish and a great one. The Volvo PGA is one of the most prestigious events in the golfing calendar, and Lawrie's victory is a significant achievement for him. He will now look to defend his title in the following year. The tournament was held at the Gold Coast Golf Club, which is one of the best in the world. The course is challenging and beautiful, and it was a perfect venue for the event. The weather was also ideal, with clear skies and a gentle breeze. The spectators were in good luck, as they saw a fantastic performance from their favorite player. Lawrie's victory was a surprise to many, as he had not been the favorite to win. However, he proved that he is a true champion, capable of performing at the highest level when it matters most. The Volvo PGA is a testament to the sport of golf, and to the players who compete at the highest level. It is a privilege to be part of such a prestigious event, and Lawrie's victory is a source of pride for all who love the game.

Brive's turn to enter Tigers' den

Rugby Union
CHRIS HEWITT

Alain Penaud and his formidable Brive side have grown accustomed to the joys of putting British teams to the sword in front of howling packed houses armed with firecrackers, smoke flares and enough trumps, trombones and tubas to kit out the Paris Opera. Tomorrow, they will know what it is like to be on the receiving end.

Welsh clubs warned

Wales' financially stricken senior clubs have been warned that there can be no repeat of the big-spending philosophy which has plunged the game into financial crisis. The Welsh Rugby Union yesterday began bailing out several leading clubs, including Swansea, Llanelli and Bridgend, with six-figure loans as part of a £1.2m rescue package. The WRU treasurer, Glamorgan Griffiths, also delivered a stern warning intended to put a block on the lucrative transfer market and huge wage bills responsible for the current desperate position. "We will ask each club to provide us with a business plan," Griffiths said. "Within that, we will expect that all future expenditure is matched by income. It follows that contracts for any player would have to be covered by the financial resources of each club."

as Tudor Thomas, the Leicester secretary, said yesterday: "I think the Arms Park will look more like Welford Road tomorrow than anything you might find in south-west France."

Farrell eager for revenge

Rugby League
DAVE HADFIELD

A mixture of wounded pride and ambition fuelled Great Britain as they flew off to Australia this morning to contest the World Nines in Townsville, Queensland. Andy Farrell, the captain who has been passed fit to travel after recovering from a thigh strain, said the trip was an opportunity for revenge over New Zealand, who whitewashed the Lions tourists in a Test series last autumn and also won the tournament last year.

"At more than 17st, Kacala is a rare size for an open-side flanker and he appears to be central to the Brive forward efforts," Farrell said. "Our own open-side, Neil Back, does not boast those dimensions and you might anticipate him looking across to Dean Richards and saying, 'Danno, he's your man.'"

Law lords it over fleet

Sailing
STUART ALEXANDER
reports from Key West, Florida

While the ironing out of niggles, frustrations and silly errors occupied the minds of the three boats in Britain's 1997 Admiral's Cup team here yesterday, another new team was dispatched to the opposition in perfect 15-knot racing conditions. The Eithel sailer Mike Law has picked the winter sunshine as an opportunity to move up a size to a Mumm 30. He has also picked a strong crew in the Olympic bronze medalist, Ossie Stewart, the experienced Ian Tiltlett and the American Jim Smith.



Swing low: Britain's Marina Humphreys and Philip Askew in action on the ice in Paris yesterday. Photograph: Alisport

Russians in sixth heaven

Ice skating

The British ice dance pair of Marina Humphreys and Philip Askew slipped one place to 14th after the original dance section at the European Figure Skating Championships in Paris yesterday. This left them well adrift of the Russian pair of Oksana Griashuk and Yevgeny Platov, who built on their lead after the compulsory section with a series of 5.5 and 6.0 scores in their original tango. The Olympic and three-times world champions had straight 5.5s for the composition mark, then recorded six perfect 6.0s for artistry and three more 5.9s for the presentation. It was believed to be the largest number of 6.0s awarded at an international championship since Jayne Torvill and Christopher Dean received 12.6.0s for their Bolero free dance at the 1984 Olympics in Sarajevo. Only a major misjump will now prevent Griashuk and Platov from winning their second European title in today's free dance. In second place are the Russian pair's former training partners, Angelika Krylova and Oleg Ovsianikov. Sophie Moniotte and Pascal Lavanchy of France are third.

One match ban for Tournaire

The French rugby federation president, Bernard Lapasset, admitted Franck Tournaire got off lightly when the France prop was banned for one match yesterday for foul play.

Lapasset said: "It's fair to say we were lenient. The disciplinary procedures had not been respected." He was unhappy with the way the Irish Rugby Football Union supplied the French with television video evidence, rather than citing the player officially. He felt Ireland should have complained to the Five Nations' Championship disciplinary committee.

He said: "I'm not looking for a hard fight in the pool matches next weekend and, with all due respect to Tonga, South Africa, France and Japan, they represent the main barrier on the way to the semi-finals."

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Pinto back on London streets

British athletes will have a tough fight in this year's Flora London Marathon after the entry into the race of three top international runners. Antonio Pinto of Portugal, a former winner, and the twice runner-up Steve Monaghan of Australia will be among the competitors, while the United States' No. 1, Jerry Lawson, will make his first challenge for the London title. They will take on a strong British entry comprising Paul Evans, Eamonn Martin, Richard Nerurkar, Gary Staines and Peter Whitehead.

Dave Bedford, the race co-ordinator, said: "When we revealed the strongest British challenge in the history of the London Marathon, I promised it would be no easy ride for the likes of Evans and Nerurkar. I believe the race is shaping up to be highly competitive and potentially very fast."

Car Lewis claimed yesterday that some countries were still defending drug-tainted athletes. "I think there is definitely an effort to make the situation better, but I also think everyone has to come to the table, and there are still loopholes that need to be closed," Lewis said in New Zealand, where he will run a 100 metres race in Auckland today. "There are still countries that fight for their athletes, even though they know they're dirty," the nine-times Olympic gold medalist said.

Hill's new tyres get seal of approval from Berger

Damon Hill will be a serious Formula One competitor this coming season - especially with his team's new tyres, one of his main rivals, Gerhard Berger, predicted yesterday. Hill, the reigning world champion, had just finished a difficult first major test with his new team in Jerez, Spain, when his TWR Arrows was hit by technical problems. Nevertheless, Berger believes Hill can return to the top of the podium. "I don't think we have seen Damon winning a race for the last time," he said. "Damon is a very good racing driver and I am sure

he will win and be back on the front row of the grid again." TWR have switched to using tyres from the Japanese giant Bridgestone, who make their Formula One bow this season in a £70m attempt to end Goodyear's monopoly. Berger fears they could have a major impact - Ligier have also switched and their driver, Olivier Panis, was six seconds faster in the wet in Jerez this week than Benetton's Jean Alesi.

Price back on title trail

John Price, of Wales, won his opening match at the Saga World Indoor Championships in Preston yesterday when he eased past a qualifier, Paul Foster, in straight sets. Price, winner of the title in 1990, won the opening two sets comfortably, losing just three ends in the process as he claimed the first 7-1 and the second 7-3.

Foster, who won the Scottish junior singles title on Sunday, was able to build a 6-1 lead after just four ends of the third set. However, the 23-year-old Scot saw his hopes of extending the match disappear when Price recorded a double on the fifth end and then added a maximum four on the next to take the set 7-4.

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Today's fixtures

Football
Premier League: Arsenal v Manchester United (12.30), Liverpool v Tottenham (2.00), Chelsea v Newcastle (4.30), Everton v Manchester City (6.00).
Championship: Blackburn v Middlesbrough (12.30), Reading v Sheffield Wednesday (2.00), Burnley v Preston (4.30), Wigan v Bolton (6.00).
League One: Grimsby v Gillingham (12.30), Notts County v Lincoln (2.00), Wycombe v Luton (4.30), Shrewsbury v Exeter (6.00).
League Two: Barnet v Dagenham & Redbridge (12.30), Hemel Hempstead v Maidstone (2.00), Torquay v Southend (4.30), Weymouth v Yeovil (6.00).

Today's fixtures

Rugby League
Super League: Leeds Rhinos v Wakefield Trinity (12.30), Hull FC v Huddersfield Giants (2.00), Salford Red Devils v Wigan Warriors (4.30), St Helens v Rochdale Hornets (6.00).
Championship: Wigan Warriors v Hull FC (12.30), Leeds Rhinos v Wakefield Trinity (2.00), Salford Red Devils v Wigan Warriors (4.30), St Helens v Rochdale Hornets (6.00).
League One: Wigan Warriors v Hull FC (12.30), Leeds Rhinos v Wakefield Trinity (2.00), Salford Red Devils v Wigan Warriors (4.30), St Helens v Rochdale Hornets (6.00).
League Two: Wigan Warriors v Hull FC (12.30), Leeds Rhinos v Wakefield Trinity (2.00), Salford Red Devils v Wigan Warriors (4.30), St Helens v Rochdale Hornets (6.00).

Today's fixtures

Rugby Union
Six Nations: Wales v Ireland (12.30), France v England (2.00), Scotland v Italy (4.30), Ireland v France (6.00).
Championship: Wales v Ireland (12.30), France v England (2.00), Scotland v Italy (4.30), Ireland v France (6.00).
League One: Wales v Ireland (12.30), France v England (2.00), Scotland v Italy (4.30), Ireland v France (6.00).
League Two: Wales v Ireland (12.30), France v England (2.00), Scotland v Italy (4.30), Ireland v France (6.00).

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Resort	Comment	Area open	Last snow	Low	Upper	Forecast
ANDORRA						
El Gran Val	Hard packed at altitude	100%	22.1	80	130	Light snow
El Gran Val	Wet snow at all levels	100%	22.1	80	130	Snow runs
AUSTRIA						
St. Anton	Fresh powder on all slopes	100%	22.1	30	80	Cloudy/fair
St. Anton	Very hard packed; some ice	95%	21.1	5	50	Surf/mixed
St. Anton	Powdery on shaded slopes	95%	21.1	10	45	Cloudy/fair
CANADA						
Whistler	Upper slopes reasonable	70%	10.1	5	50	Mainly clear
Whistler	Very powdery snow	100%	21.1	135	165	Clear, runs
Whistler	Well-groomed powder	100%	21.1	75	100	Clear, runs
FRANCE						
Chamonix	Heavy lower down	95%	22.1	85	205	Variable
Chamonix	Wet snow on lower slopes	95%	21.1	100	250	Variable
Chamonix	Heavy on lower mountain	95%	22.1	90	240	Variable
ITALY						
Corvara	Good dry coverage	100%	21.1	50	180	Clearing
Corvara	Lower runs fairly packed	95%	21.1	170	200	Mainly sunny
Corvara	Great from top to bottom	100%	21.1	50	130	Variable
SWITZERLAND						
Verbier	Best on higher slopes	75%	21.1	50	120	Improvement
Verbier	Well-groomed pistes	100%	21.1	30	110	Brighter
UNITED STATES						
Blackhawk	Powdery/packed powder	95%	21.1	145	180	Sunny/skies
Blackhawk	Wet packed snow	95%	21.1	15	125	Cloudy

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Wednesday in Day's sights
The Carlisle manager is ready for tomorrow's FA Cup tie, page 26

sport

Brive encounter
Leicester gear up for their Heineken Cup final meeting, page 27

Hingis on the verge of Grand Slam history

Tennis

DERRICK WHYTE
reports from Melbourne

Martina Hingis is just one step away from becoming the youngest winner of a Grand Slam tournament this century after beating Mary Joe Fernandez in straight sets in the Australian Open women's singles semi-finals here yesterday.

But the day's biggest upset belonged to Spain's Carlos Moya, who succeeded where Tim Henman failed by defeating the second seed, Michael Chang, to clinch a place in the men's final.

Hingis's serve once in the first set without holding her own, saved two match points at 5-1 in the second as Hingis angrily questioned a line-call. Serving for the match at 5-2, Hingis allowed herself to become distracted and was broken again.

Fernandez continued to grow in confidence but Hingis stepped up a gear, breaking her opponent's serve with a fierce crosscourt forehand pass to wrap up victory in 69 minutes.

Hingis's opponent in the final will be France's Mary Pierce, who was at her best against South Africa's Amanda Coetzer in the other semi-final. Pierce beat the 12th seed 7-5, 6-1 and said she was hungry to repeat her title win of two years ago.

"Last year if someone had told me I would be here now, I wouldn't have believed them," said Pierce, who took three months off the game last year to overcome a prolonged slump in form and a shoulder injury. "I was going through hard times."

Pierce served and passed the ball deep into Coetzer's court to build up a 5-1 first-set lead, but saw Coetzer break her next two service games to even the score. The South African heat world No 1 Steffi Graf in the fourth round and Pierce's fans began to fear her fragile confidence would once again let her down. But Pierce held her nerve and served in the next game, before breaking Coetzer with a cracking forehand pass to win the set.

Moya, the man who beat defending champion Boris Becker in the first round, can savour the best result of his career. "Today I did something big. I played in an unbelievable way," he said after his 7-5, 6-2, 6-4 win.

Chang has not won a Grand Slam title since lifting the French Open as a 17-year-old in 1989, but has played the most consistent tennis of any major name in Melbourne. Moya seemed unimpressed by Chang's reputation, quickly establishing his dominance on the baseline and coming forward as Chang's shots fell short.

"I knew before the match that I had to take risks to beat him. If you stay on the baseline against him you lose," said Moya, who has won just two Tour titles, both on clay.

Chang made a third-set challenge, huddling up a 3-1 and 40-15 lead on his serve, but Moya managed to step up his game and prevent the match dragging out into a fourth set.

The second men's semi-final, between Pete Sampras and Thomas Muster, is today with the final on Sunday.

Britain's last hope of senior success in Melbourne ended yesterday when Neil Broad and his South African partner Piet Norval were beaten 3-6, 6-3, 6-4, 7-5 by the seventh seeds Sebastian Larue of Canada and American Alex O'Brien in the men's doubles quarter-finals.

Results, Digest, page 27



Martina Hingis moves forward yesterday on her way to reaching the Australian Open final

Photograph: Empics

Howley should be fit for Wales

Rugby Union
CHRIS HEWITT

Roh Howley's damaged shoulder may be giving cause for concern, but the Welsh selectors were still in high good humour yesterday as they named an unchanged side for the Five Nations match with Ireland at the Arms Park tomorrow week - the first time in 11 internationals that they have felt able to stick to their guns.

Howley fell awkwardly during training two days ago. However, Dr Roger Evans, the national squad's resident bumps and bruises man, expected the scrum-half to face the Irish after a course of physiotherapy. It is something of a departure that the Welshmen are now consulting a medical doctor rather than a bereavement counsellor, but the victory over Scotland at Murrayfield last weekend has worked wonders for morale.

Arwel Thomas, the diminutive outside-half who tied the Scots in knots in Edinburgh, embodied the new mood by promising the Irish they would barely recognise him as the fragile bag of nerves who fell apart in Dublin a year ago. "I'm a little bit older and wiser now," said Thomas, who might have added he was also considerably heavier, thanks to an intensive weight programme.

"I took a big knock early on in last year's game and while there was nothing illegal about it, I wasn't really aware of what was going on around me. But I know now I'm capable of handling those hits if anything like that happens again. I'm up to 11st 2lb and feel confident I can cope when it comes to the physical side. I'm more streetwise."

Which is precisely the quality Kevin Bowring, the national coach, wants to see more of from his side. "Ireland will provide tough opposition and we'll need considerable improvements in key areas if we are to beat them for the first time in Cardiff in 14 years," he said after confirming the line-up.

"Every position has been scrutinised and we feel our control of the ball in contact situations will have to be better against the Irish. We want to break the stranglehold they have on us here and make the Arms Park a fortress once again, but we need to show them respect."

Wales to Ireland, Five Nations championship, Cardiff, 2 February; N Janssens (Flyhalf); I Evans (Flanker), A Bateman (Hooker), S Gibbs (Scrumhalf), R Howley (Scrumhalf), A Thomas (Scrumhalf), C Corcoran (Scrumhalf), J Humphreys (Scrumhalf), C Jones (Scrumhalf), S Williams (Scrumhalf), S Quinlan (Scrumhalf), C Charles (Scrumhalf), R Davies (Scrumhalf), R Jones (Scrumhalf), C O'Donnell (Scrumhalf), G Jones (Scrumhalf), I Whetton (Scrumhalf), G Jenkins (Scrumhalf).

Father with 'Martinka' on his mind

The ambition of Martina Hingis's mother to make her daughter the best player in the world led her to leave Martina's father behind in Slovakia. John Roberts reports on how the other parent now lives

In contrast to Peter Graf, Stefano Capriati and Jim Pierce, notorious fathers of tennis prodigies, the virtually anonymous Karol Hingis's involvement in the sport could be described as peripheral.

The father of the 16-year-old Martina Hingis, who is one match away from becoming the youngest winner of a Grand Slam singles title in the history of the professional game, earns \$1,100 a month (€102) per month as the caretaker of a tennis club in Kosice, the Slovakian city where Martina was born.

Tomorrow, when his millionaire daughter competes against Mary Pierce in the final of the Australian Open, Karol Hingis, 45, will follow Martina's fortunes via satellite television before turning his attention to whatever odd jobs need doing at the Na Amake Tennis Club where he works.

Acquaintances, as usual, will talk to Karol about the far-away "Martinka" and discuss among themselves any gossip concerning young "Hingisova's" latest deal - a tennis clothing

contract with the Italian manufacturer Sergio Tacchini worth up to \$12m (£7.5m) over five years - and the new Swiss man in her mother's life.

"I don't get any money from Martina," Karol Hingis emphasises. "The worst thing about it is that nobody believes that I don't get one koruna from Martina's earnings."

Martina's mother, Melanie Hingis-Zogg, 40 next month, will, as always, be at the court-side monitoring her daughter's form and fitness. Melanie, once good enough to be ranked in the top 20 in Czechoslovakia, has been her daughter's coach since the day of the christening, naming her Martina after the great Navratilova.

Melanie encouraged her daughter to play tennis at the age of three and entered her for tournaments from the age of five. She has poured her energy into Martina, "to make her one day the best player in the world."

Karol Hingis also played tennis. He worked as a mechanic in those days and first got to know Melanie, apparently, when she missed her bus after tennis practice on a cold night in Kosice. Martina was born in September, 1981. When she was four years old, the family

moved from Kosice to Roznov, Melanie's home town, on the Czech side of the country.

The parents divorced two years later. "The marriage did not function," Karol says. He returned to Kosice, where he lives with his 82-year-old mother. For two years Karol contributed one fifth of his earnings in child maintenance. This stopped when Melanie married Andreas Zogg, a Swiss computer salesman.

Martina was seven years old when she was taken to live in Trubbach, less than a mile from the Swiss border with Liechtenstein. Melanie and Andreas Zogg divorced last September, although Zogg resides at the family's home in Trubbach. Melanie has reverted to her maiden name, Molitor.

Karol Hingis has met his daughter occasionally when she has played inter-club tennis at Prostějov, in the Czech Republic. "I could never be angry with Martina," he says. "She is still very young and she still cannot judge what happened in our family. One day I would like to explain to her how I see the whole thing. I think we would understand each other very well."

With regard to his job, he said, "The reason why I'm not work-

ing as a tennis teacher is because in Kosice no one can afford to pay for lessons for the children. It is a dream of mine to be able to train Martina one day. I know that Melanie doesn't want that. She thinks that I have a bad influence on Martina."

According to Melanie's friend Mario Widmer, a 56-year-old Swiss sports journalist, she considers that her first husband lacked self-motivation and did not do enough to help his own situation.

Writing in the weekly magazine *Schweizer Illustrierte*, Widmer said that Melanie told him that she had "wanted to become a mother - just like that, without having to marry."

There is little doubt that Martina trusts her mother implicitly and that the youngster's conduct on the court - except for the occasional petulant racket throwing - reflects a healthy grooming for a demanding profession.

Far from believing that she knows it all, Melanie is eager to speak to other coaches and to accept their advice.

Mistakes may be made along the way, but the signs are that both coach and daughter have the flexibility to learn from them. For example, during the Lipton Championships in Flori-

Arsenal deny approach for 'interested' Signori

Football
NICK DUXBURY

Giuseppe Signori yesterday signalled his willingness to join the Italian expats in England by claiming that four Premiership clubs have made attempts to lure him from Lazio with offers of up to £2m a year.

"Arsenal and Newcastle have made the best offers but I can't deny that Manchester United and Chelsea have also made advances," Signori told the newspaper, *Corriere dello Sport*. "They offered me a contract of five billion lire a year (£2m). It's a mind-boggling amount."

Arsenal strongly denied any approach. "There is no truth in it," press officer Clare Tomlinson said. "There have been no approaches from us to either the player or Lazio."

Arsenal manager, the Gunners manager, said wearily: "Every day there is a new name, but all the time it is just speculation."

Signori, who was joint top scorer in Serie A last season with 24 goals, earned £770,000 a year and is tied to Lazio until 2000. "I signed a contract and I want to respect it," he said. "But if I were to go, it would be a good deal for Lazio."

The last time Lazio tried to sell him - to Parma 18 months ago - thousands of fans protested and the deal was shelved.

West Ham United have told ex-bookmaker Michael Tabor that his offer of a cash injection is being considered along with "several other options".

The Barbusco-based millionaire has £30m available but claims that he is being ignored. A statement from Tabor's lawyers said that "West Ham clearly needs immediate cash. Michael Tabor has that and is at a loss to understand why the board continue to ignore him while the club continues its descent into the First Division".

However, Peter Storrer, the West Ham managing director,

said: "It is not true that Mr Tabor has been ignored. The board are considering what his representative had to say, along with several other options. These matters take time."

Hammers are active in the transfer market, having joined the hunt for Stoke's 21-goal striker, Mike Sheron, and sold the defender Kenny Brown to Birmingham for £75,000. Sheron's fate could be settled by Chelsea accepting Stoke's £500,000 bid for replacement striker Mark Stein.

Peterborough United know a benefactor when they see one and yesterday they installed the millionaire Peter Boizot as their new president.

The 67-year-old locally-born businessman, once a chorister at Peterborough Cathedral and founder of the Pizza Express chain, said his involvement would "allow everyone to concentrate on the business of winning matches". Food for thought at Upton Park.

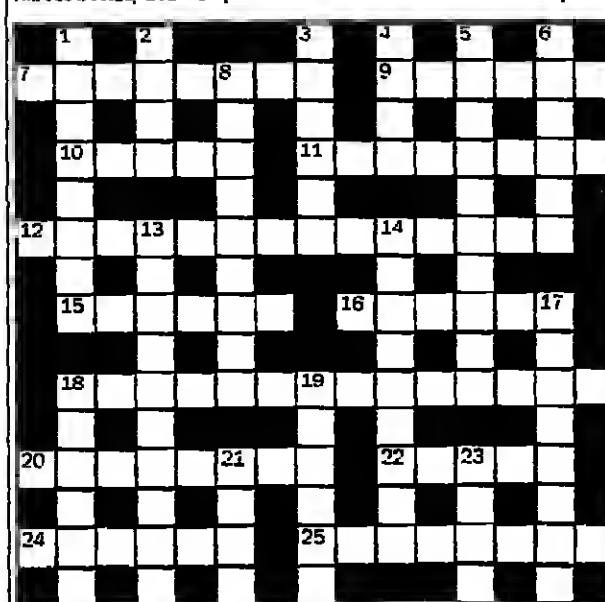


Karol Hingis reflects on his lot in Kosice, Slovakia, Martina's birthplace

THE INDEPENDENT CROSSWORD

No. 3264, Friday 24 January

By Phil



Thursday's Solution

1. INTROVERTS
2. COUNTRY
3. BEAR
4. COUNTING
5. DEER
6. HILL
7. OUSE
8. CUB
9. DISPERSED
10. DASH
11. MOUNTAIN
12. BARK
13. BARK
14. BARK
15. BARK
16. BARK
17. BARK
18. BARK
19. BARK
20. BARK
21. BARK
22. BARK
23. BARK
24. BARK
25. BARK

Solvers will find a relevant two-word phrase reading around the perimeter.

ACROSS

- 7 A garden I destroyed to reach sewage system (8)
- 9 Frenchman in fuel waste (6)
- 10 Composer I waver will circumvent opening of Ring (5)
- 11 Unable to give up? Said more about it, swallowing (8)
- 12 Della's crepe too mushy for sophisticated equipment (5,9)
- 15 Bird, one coming in wearing a shade of red (6)
- 16 It draws in small new supporter, a child (6)
- 18 This variety is presumably not confined to Jerusalem (5,4)
- 20 Fool interrupting excited choir of birds (8)

22 Male in US state missing first college tests (5)
- 24 Working initially beside senior nuclear worker (6)
- 25 Making a score at cricket, not getting caught? (2,3,5)

DOWN

- 1 One girl in dramatic organisation is an annoyance (8)
- 2 Holiday resort in a scenic environment (4)
- 3 Particular film shown in Irish parliament (6)
- 4 Historical period turned up dead evaluation (4)
- 5 This chapter is mad with love for one? He's just mad (10)
- 6 English church absorbed by individual of an historical period (6)
- 8 Wind that's opposing traffic? (4)
- 13 Uncertain description of telepathy between twins? (2,5,5)

14 Consensus about masculine feelings (9)
- 17 Removes and destroys dates (5,3)
- 18 Overindulges in good sexy romps? I should leave! (6)
- 19 Priest's unfinished journal includes half of it (6)
- 21 Is this idol upset or what? (4)
- 23 You'll see this chap when there's beer about (4)

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